



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

December 21, 2012

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Auditor of State David A. Vaudt today released an audit report on the City of Council Bluffs, Iowa.

The City's revenues totaled \$120,211,804 for the year ended June 30, 2012, a 13.6% increase over the prior year. Revenues included \$42,499,532 in property and other city tax, \$4,780,377 from tax increment financing, \$20,417,502 from charges for service, \$22,012,492 from operating grants, contributions and restricted interest, \$12,675,631 from capital grants, contributions and restricted interest, \$8,410,893 from local option sales tax, \$2,579,387 from hotel/motel tax, \$3,695,712 from gaming wager tax, \$168,082 from unrestricted investment earnings and \$2,972,196 from other general revenues.

Expenses for City operations totaled \$99,598,253, a 9.6% increase over the prior year, and included \$28,913,039 for public safety, \$26,117,159 for general government and \$12,088,663 for public works. Expenses for business type activities totaled \$13,363,487.

A copy of the audit report is available for review in the City Finance Director's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1220-0732-B00F.pdf>.

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City of Council Bluffs, Iowa
Comprehensive Annual
Financial Report
For the Fiscal Year Ended
June 30, 2012

Prepared by:
City of Council Bluffs Finance Department

City of Council Bluffs

City of Council Bluffs
Comprehensive Annual Financial Report

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City of Council Bluffs

INTRODUCTORY SECTION



OFFICE OF
FINANCE DEPARTMENT
BUDGET AND ACCOUNTING DIVISION
(712) 328-4605

December 6, 2012

To the Residents of the City of Council Bluffs, Iowa,
Mayor Thomas Hanafan and Members of the City Council:

Presented herein is the Comprehensive Annual Report (CAFR) for the City of Council Bluffs, Iowa (the City) for the fiscal year ended June 30, 2012. This report is intended to not only satisfy the requirements for an annual financial report and audit, but also to provide the citizens and other interested parties with financial and statistical information needed to better know the activities of the City of Council Bluffs. This report was prepared in conformance with United States generally accepted accounting principles (GAAP) and audited in accordance with United States generally accepted auditing standards by the Office of Auditor of State of the State of Iowa.

This report was prepared by members of the management of the City and constitutes their representation concerning the financial condition and financial activities of the City. As such, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a system of internal control procedures designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information from which the City's annual financial statements are prepared in conformity with generally accepted accounting principles. This internal control framework is designed to provide reasonable, but not absolute, assurance these objectives are met. Reasonable assurance considers the cost of an internal control should not exceed the intended benefits and the valuation of costs and benefits associated with internal controls require estimates and judgments by management. As members of management, we assert, to the best of our knowledge and belief, the financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the Office of Auditor of State of the State of Iowa. The objective of an independent audit is to provide reasonable assurance the basic financial statements of the City for the year ended June 30, 2012 are free of material misstatement. The independent audit involved examining evidence supporting the amounts and disclosures in the basic financial statements on a test basis. Additionally the audit assessed the City's accounting principles, significant estimates made by management and evaluated the overall presentation of the basic financial statements.

Based on their audit, the independent auditors concluded there was a reasonable basis to give an unqualified opinion the City's financial statements for the year ended June 30, 2012 are fairly presented in conformity with generally accepted accounting principles. Their opinion is the first item of the Financial Section of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the United States Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. The results of that audit are reported in the Financial Assistance Section of this report.

Generally accepted accounting principles require City management provide a narrative introduction, overview and analysis of the basic financial statements in the form of "Management's Discussion and Analysis" (MD&A). This transmittal letter is designed to complement Management's Discussion and

Analysis and should be read in conjunction with it. The MD&A is located immediately after the Independent Auditor's Report in the Financial Section.

Members of the Finance Department of the City of Council Bluffs prepared this report and are responsible for both the accuracy of the data presented and for the completeness and fairness of the presentation, including all disclosures. We believe the information as presented is accurate in all material respects and it is presented in a way to fairly show the financial condition and results of operations. A key objective of this financial report is to disclose information needed for a reader to gain the greatest understanding of the City's financial activity.

Profile of the City

The City is situated on the Missouri River in Western Iowa adjacent to Omaha, Nebraska and 125 miles west of the State Capital, Des Moines, Iowa. The City encompasses 40.97 square miles and serves a population of 62,230 (2010 United States Census). The 2010 population of the Omaha MSA stood at 865,350. The diverse business community includes gaming, transportation, food processing and production, hospitality and health care.

The City is governed by a "strong-mayor" and a five member City Council. Generally all are elected to four year terms. The Mayor presides at all meetings of the City Council, is responsible for the administration of the City and appoints all but two department heads. The City Council appoints the City Attorney and the City Clerk. Both the Mayor and the City Council members are elected on a nonpartisan basis. The City includes one State Senate district and two districts in the Iowa House of Representatives.

The City provides a variety of governmental services, including police and fire protection, departments of public health and building inspections, culture and recreational programs, including a public library, two swimming pools, eighteen hole and nine hole golf courses, and numerous City parks and landmarks, and a public works department responsible for street maintenance and repair, levee maintenance and City vehicle and equipment maintenance. The City operates a sanitary sewer utility and a sanitation removal and recycling operation as proprietary activities. The City owns and leases two commercial buildings – the Bass Pro Shop and the restaurant facility in the Dodge Park Golf Clubhouse. Council Bluffs also owns the Mid American Center, providing a full service convention center and 7,000 plus seat arena facility. In addition, the City reports the Council Bluffs Airport Authority and the Council Bluffs Library Foundation as component units.

The annual budget serves as the comprehensive financial plan for each fiscal year. The budget is developed by the department heads as coordinated by the Finance Director under the direction of the Mayor. Department heads, the Mayor and the Finance Director identify key services the City intends to provide in the upcoming fiscal year. That group also defines the levels of service to be provided, and then quantifies the cost of providing services at established levels. At the same time, the Community and Economic Development Director coordinates an ongoing five year capital improvement plan with department heads. Finally, department heads and the Finance Director project revenue based on taxing information, volumes and amounts of fees for services and other revenue.

Using these three key sources of information and incorporating existing fund balance information, the Finance Director prepares a proposed budget in both the format required by the Iowa Department of Management and the format familiar to City Council members and constituents. The Mayor presents the proposed operating budget to the City Council for approval. Approved budgets must be adopted and forwarded to the Iowa Department of Management prior to March 15 – in advance of the fiscal year which begins July 1.

In the event the City administration finds it necessary to deviate from the approved budget, the Finance Director will identify the causes for deviation, prepare a budget amendment and present the amendment to the City Council for approval.

Factors Impacting Local Financial Conditions

Greater understanding of the information in the financial statements may be gained when considered in the broader perspective of the environment in which the City operates.

Local Economy - While the City is part of the greater Omaha SMA, it also serves as the key regional City for Southwest Iowa and is the seat of Pottawattamie County. The local economy, while impacted by the national financial climate of the past several years, spikes in unemployment and home foreclosures, the impact has not been as dramatic as the national statistics. Diversity in the economy has contributed to this condition and recovery has been seen in gaming revenue, sales tax revenue and assessed values of property. Recovery efforts from the 2011 Missouri River flood and recent expansion of operations and new construction by Google has aided the local construction industry.

Statewide Legislation - The Iowa Legislature struggled with the issues of commercial property taxation, treatment of commercially owned residential property (apartments), automated traffic enforcement controls and public employee retirement plans. No major legislation emerged from the 2012 session, but each issue will be revisited in the 2013 session. Each of these issues could have a profound impact on future City revenues and costs.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Council Bluffs, Iowa for its Comprehensive Annual Financial Report for the year ended June 30, 2011. This was the first year the City has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Preparation of this report would not be possible without the contributions of many persons committed to providing our residents with quality financial information. This includes all department heads, City Council members and the Mayor who support and encourage the commitment to internal controls, cooperation among departments and a complete flow of financial information to the public.

Neither would it be possible without a strong professional relationship between the City and its independent auditors. This year the City of Council Bluffs Finance Department staff, as well as the Auditor of State's staff, again made key contributions to the preparation of the report. From among the Auditor's staff and City personnel, significant work was performed by Brian Brustkern, Marlys Gaston, Patti Hendrix, Dennis McElderry and Gale Murphy.

Sincerely yours,



Arthur W. Hill CPA, CIA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Council Bluffs
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



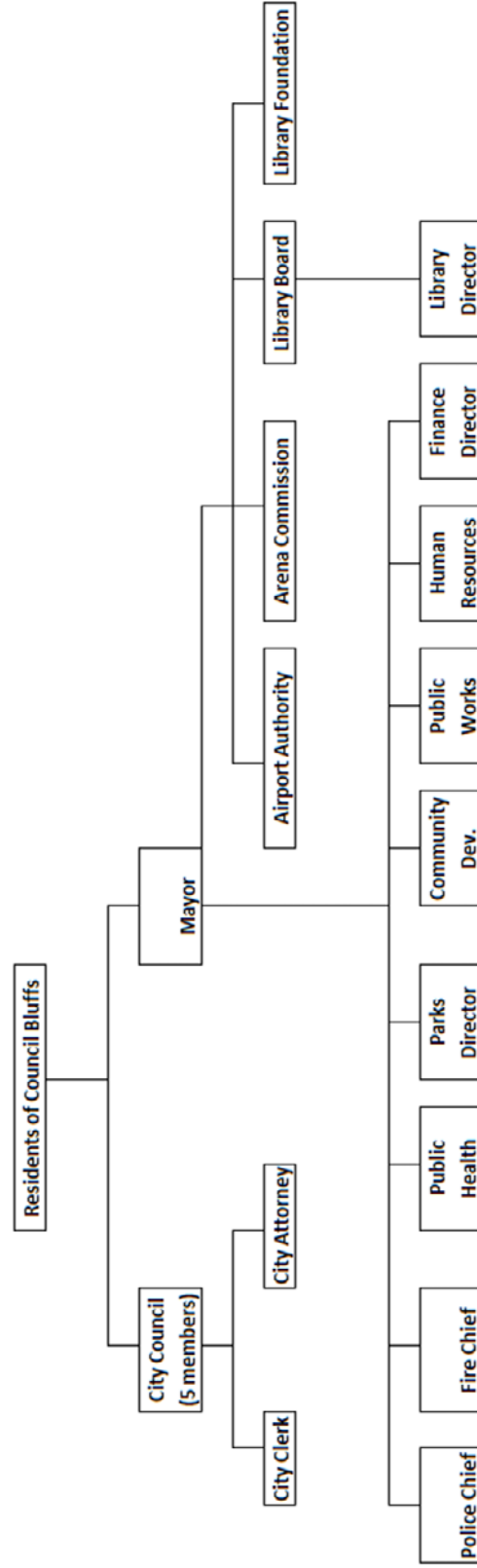
Linda C. Danison

President

Jeffrey R. Emer

Executive Director

City of Council Bluffs, Iowa
City Organizational Chart
June 30, 2012



The Mayor appoints trustees and commissioners to various commission in the City.
The Council Bluffs Airport Authority and the Library Foundation are component units included in this report.
The Mid America Center Board of Trustees oversees the City owned arena and convention center.

City of Council Bluffs

Principal Officials

June 30, 2012

Mayor

(elected term concludes January 1, 2014)

Thomas P. Hanafan

City Council Members

(elected terms conclude January 1, 2014)

Melissa Head, Matt Walsh

City Council Members

(elected terms conclude January 1, 2016)

Lynne Branigan, Nathan Watson, Sharon White

City Directors and Chiefs

(indefinite, appointed terms)

Ralph O'Donnell – Police Chief **Alan Byers** – Fire Chief **Marcy Worden** – City Clerk

Kathy Rieger – Library Director **Larry Foster** - Parks and Recreation Director

Donald Gross – Community Development Director **Richard Wade** – City Attorney

Cindy Lynch – Human Resources Director **Greg Reeder** - Public Works Director

Donn Dierks – Public Health Director **Arthur Hill** – Finance Director

FINANCIAL SECTION

City of Council Bluffs



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Council Bluffs, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Council Bluffs' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Council Bluffs at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2012 on our consideration of the City of Council Bluffs' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

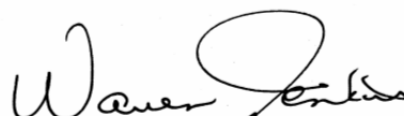
U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedules of Funding Progress for the Retiree Health and Supplemental Pension Plans and the Schedules of Employer Contributions for the Retiree Health and Supplemental Pension Plans on pages 10 through 19 and 74 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have

applied certain limited procedures to the required supplementary information in accordance with U.S generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Council Bluffs' basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included on pages 81 through 91 and 137 through 139, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical information presented on pages 2 through 7 and 93 through 135 have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 6, 2012

City of Council Bluffs, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2012

This portion of the Comprehensive Annual Financial Report (CAFR) of the City of Council Bluffs, Iowa (the City) provides administration's narrative overview and analysis of the City's financial activities based on currently known facts, decisions and conditions related to the fiscal year that ended June 30, 2012. We encourage readers to consider information in this section along with information we presented in the letter of transmittal found on pages 2 through 4.

FINANCIAL HIGHLIGHTS

- The assets of the City of Council Bluffs exceeded liabilities at June 30, 2012 by \$401,868,505.
- The City's net assets increased \$20,613,551 during the year. The net assets associated with governmental activities increased \$18,031,644 and the net assets associated with business type activities increased \$2,581,907.
- The City's overall long-term liabilities decreased to \$56,182,255, a decrease of \$1,998,570 during the year. The general obligation bond/note portion of indebtedness decreased \$2,100,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

Our discussion and analysis is intended to introduce and then lead into the City's basic financial statements – of which there are three components. They are: (1) government-wide financial statements, (2) the fund financial statements and (3) notes to financial statements. Additionally, this report presents required supplementary information and supplementary information. An explanation of each is provided below.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

Government-wide financial statements are intended to provide readers of the financial statements with a broad picture of the City and present a longer-term view of the City's finances. These statements are similar to those used by private sector companies.

The Statement of Net Assets is similar to a balance sheet in the sense it presents information regarding all the City's assets and liabilities that can be used to evaluate the financial condition of the City. Unlike private-sector balance sheets, a Statement of Net Assets presents the difference between total assets and total liabilities as net assets. Over time, changes in net assets may be an indication of whether the City's financial condition is improving or worsening.

The Statement of Activities presents information regarding the revenues and expenses of the City for the current fiscal year on the accrual basis of accounting. This basis records revenue at the time it is earned, rather than when it is received. Expenses are recorded at the time goods or services are received, rather than at the time payment is made. Reporting activity in this way means many transactions will be recorded before the actual cash flow from those transactions. The Statement of Activities distinguishes governmental activities from proprietary activities. Governmental activities are those that will be carried out using tax revenue, funds from other governments or user fees.

Examples of governmental activities include public safety, public works, health and social services, culture and recreation, community and economic development and general governance. Proprietary activities are those intended to be financed primarily by charges for goods and services

and without material support from taxes. Council Bluffs' proprietary activities for the fiscal year were (1) the operation of a sanitary sewer utility and (2) refuse removal and recycling operations.

On both the Statement of Net Assets and the Statement of Activities, the City reports the financial information of two component units – the Council Bluffs Airport Authority and the Council Bluffs Library Foundation. Component units are separate legal entities apart from the City of Council Bluffs for which the City has a degree of financial accountability.

One of the most important questions asked about the City's finances is, "Is the City of Council Bluffs in a better financial position at the end of this fiscal year compared to last year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, street and sewer networks, buildings, improvements and equipment), less any related debt used to acquire those assets which is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The analysis that follows shows the City's total net assets at June 30, 2012 and 2011.

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 99,122,583	90,861,336	7,972,894	3,621,240	107,095,477	94,482,576
Capital assets	280,753,705	274,777,195	131,857,836	129,335,537	412,611,541	404,112,732
Total assets	379,876,288	365,638,531	139,830,730	132,956,777	519,707,018	498,595,308
Long-term liabilities	50,607,241	56,858,587	5,575,014	1,322,238	56,182,255	58,180,825
Other liabilities	60,866,882	58,409,423	789,376	750,106	61,656,258	59,159,529
Total liabilities	111,474,123	115,268,010	6,364,390	2,072,344	117,838,513	117,340,354
Net assets:						
Invested in capital assets, net of related debt	239,751,252	231,096,351	131,806,236	129,335,537	371,557,488	360,431,888
Restricted	35,772,486	30,061,361	-	-	35,772,486	30,061,361
Unrestricted	(7,121,573)	(10,787,191)	1,660,104	1,548,896	(5,461,469)	(9,238,295)
Total net assets	\$ 268,402,165	250,370,521	133,466,340	130,884,433	401,868,505	381,254,954

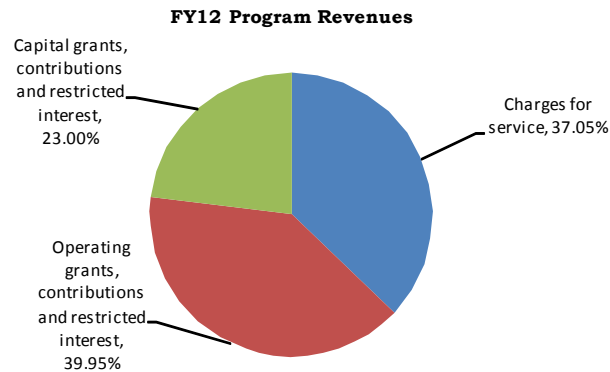
Net assets of governmental activities increased approximately \$18 million, or 7.2% over fiscal year 2011. Net assets of business type activities increased approximately \$2.6 million, or 2% over fiscal year 2011. Capital assets of governmental activities increased approximately \$6 million, or 2.2%, over fiscal year 2011, primarily due to the completion of infrastructure projects, including construction and improvements to City streets and parks. The City also acquired equipment and vehicles for the public safety function. Capital assets of business type activities increased approximately \$2.5 million, or 2%, over fiscal year 2011, primarily due to an increase in sewer and storm sewer infrastructure and a sewer treatment plant rehabilitation project. The City also replaced a pump station lost during flooding. Long term liabilities of governmental activities decreased \$6,251,346, or 11%, from fiscal year 2011, primarily due to delaying the issuance of general obligation bonds in fiscal year 2012 due to the uncertainty created by the flood event and by a more aggressive principal payment schedule for the urban renewal capital loan note.

The largest portion of the City's net assets is invested in capital assets (e.g. land, infrastructure, buildings and equipment), less the related debt. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Restricted net assets increased approximately \$5.7 million, or 19%, over fiscal year 2011. This increase is primarily due to funds restricted for street and sewer maintenance, employee benefits and insurance.

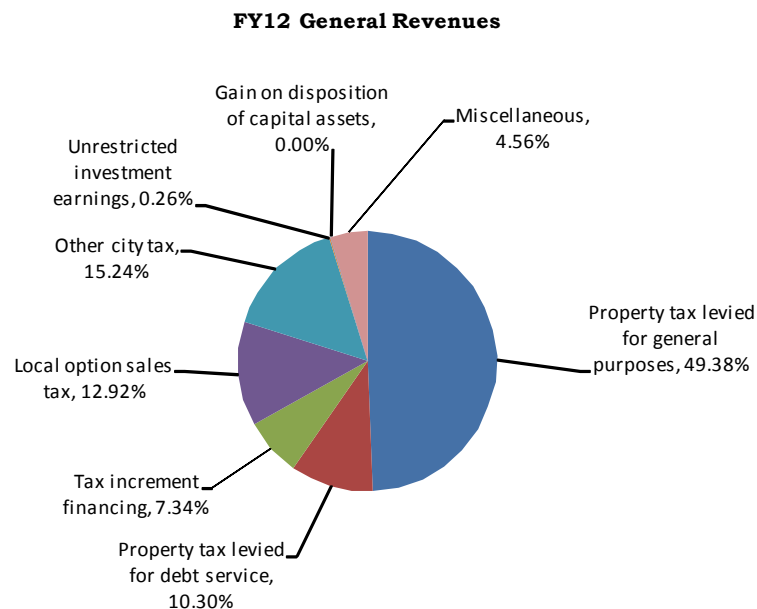
Total unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is at a deficit of approximately \$5.5 million. This is an increase of approximately \$3.8 million over the prior year unrestricted net assets, which were at a deficit of approximately \$9.2 million. This increase is primarily due to an excess of revenue over expenditures in governmental activities brought about, in large part, by reimbursement for a disaster that took place in 2008.

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for service	\$ 9,925,300	9,363,586	10,492,202	10,501,858	20,417,502	19,865,444
Operating grants, contributions and restricted interest	22,012,492	12,021,377	-	33,257	22,012,492	12,054,634
Capital grants, contributions and restricted interest	11,925,631	10,968,177	750,000	369,760	12,675,631	11,337,937
General revenues:						
Property tax levied for:						
General purposes	32,146,836	30,867,270	-	-	32,146,836	30,867,270
Debt service	6,706,224	7,006,599	-	-	6,706,224	7,006,599
Tax increment financing	4,780,377	6,058,673	-	-	4,780,377	6,058,673
Local option sales tax	8,410,893	8,589,061	-	-	8,410,893	8,589,061
Other city tax	9,921,571	9,482,911	-	-	9,921,571	9,482,911
Unrestricted investment earnings	168,082	279,466	-	180	168,082	279,646
Gain on disposition of capital assets	-	-	2,553	127,138	2,553	127,138
Miscellaneous	2,967,288	116,206	2,355	10,397	2,969,643	126,603
Total revenues	108,964,694	94,753,326	11,247,110	11,042,590	120,211,804	105,795,916
Program expenses:						
Public safety	28,913,039	28,501,970	-	-	28,913,039	28,501,970
Public works	12,088,663	12,492,324	-	-	12,088,663	12,492,324
Health and social services	516,001	573,385	-	-	516,001	573,385
Culture and recreation	8,733,154	11,915,556	-	-	8,733,154	11,915,556
Community and economic development	7,809,473	7,816,996	-	-	7,809,473	7,816,996
General government	26,117,159	14,435,524	-	-	26,117,159	14,435,524
Interest on long-term debt	2,057,277	2,119,475	-	-	2,057,277	2,119,475
Sewer	-	-	8,468,164	8,325,469	8,468,164	8,325,469
Refuse and disposal	-	-	4,895,323	4,652,239	4,895,323	4,652,239
Total expenses	86,234,766	77,855,230	13,363,487	12,977,708	99,598,253	90,832,938
Excess (deficiency) of revenues over (under) expenses	22,729,928	16,898,096	(2,116,377)	(1,935,118)	20,613,551	14,962,978
Operating transfers, net	(4,698,284)	(8,802,887)	4,698,284	8,802,887	-	-
Change in net assets	18,031,644	8,095,209	2,581,907	6,867,769	20,613,551	14,962,978
Net assets, beginning of year	250,370,521	242,275,312	130,884,433	124,016,664	381,254,954	366,291,976
Net assets end of year	\$ 268,402,165	250,370,521	133,466,340	130,884,433	401,868,505	381,254,954

Total revenues reported for the primary government for the year ended June 30, 2012 were \$120,211,804. Program revenues totaled \$55,105,625 for the year ended June 30, 2012. Governmental activities provided \$43,863,423 and business type activities provided \$11,242,202 of program revenues. Revenue from charges for service during fiscal year 2012 was \$20,417,502, accounting for 37.1% of total program revenues. The following charts break down program revenues by source:

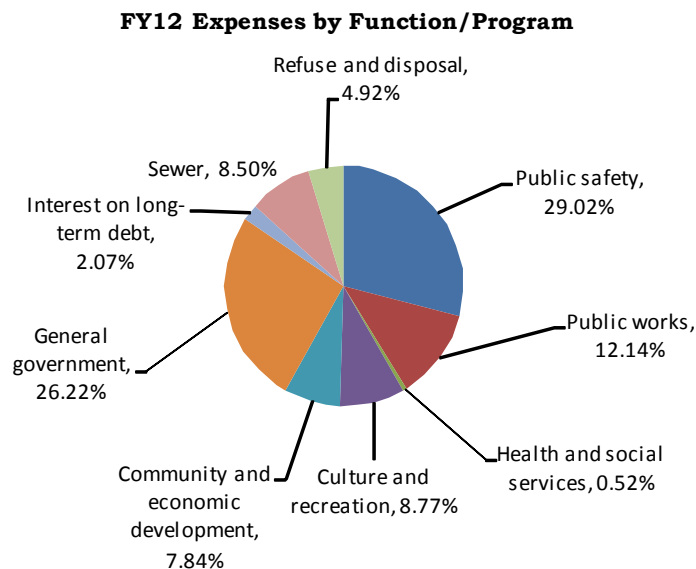


General revenues for the year ended June 30, 2012 totaled \$65,106,179. Governmental activities provided \$65,101,271 and business type activities provided \$4,908 of general revenues. Property tax revenue for fiscal year 2012 totaled \$38,853,060, accounting for 59.7% of general revenues. The following chart illustrates general revenues by source:



Overall revenues increased approximately \$14.4 million, or 13.6%, over fiscal year 2011. The change is primarily the result of a \$10 million, or 82.6% increase in operating grants, contributions and restricted interest which resulted from reimbursements for costs incurred during the Missouri River flood in the summer of 2011. Tax increment financing revenue decreased \$1.3 million, or 21.1%, while local option sales tax revenue decreased \$0.2 million, or 2.1%. Property tax revenue increased \$1.3 million, or 4.1%, as the result of an overall commercial property valuation reduction for the year offset by an overall increase of regular taxable valuation of \$75.8 million.

Expenses for the primary government for the year ended June 30, 2012 totaled \$99,598,253. This is a 9.6% increase over the prior year total of \$90,832,938. Expenses for governmental activities totaled \$86,234,766, accounting for 86.6% of total expenses. Business type activities expenses totaled \$13,363,487, or 13.4% of the total. The following chart breaks down expenses by function/program:



The following table shows the activities included within each function/program:

<u>Function/Program</u>	<u>Activity</u>
Public safety	Individual and community protection, physical health
Public works	Public service, utilities and transportation
Health and social services	Health regulation and inspection
Culture and recreation	Education and recreation
Community and economic development	Environmental preservation, housing and community development
General government	Policy and administration, including in-house services provided to City departments
NOTE: In fiscal years 2011 and 2012, flood costs are classified as general government costs.	

The City budgets and records expenses based on cost centers. The increase in total expenses was caused almost entirely by the \$11.7 million increase in general governmental expenses. That total includes flood related costs of \$14.2 million. All other functional areas either grew modestly or declined from fiscal year 2011.

Governmental Activities

To aid in understanding the Statement of Activities, some additional explanation is given. Of particular interest is the format which is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balances. Please note the expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense) revenue calculation. This format highlights the respective financial burden each of the functions place on the taxpayers. For example, for health and social services, the City spent \$516,001 and received \$188,730 in revenue, leaving a cost to taxpayers of \$327,271, a decrease of 17.7% from fiscal year 2011, to be funded by various methods. This format identifies how much each function draws from general revenues or is self-sustaining through fees or grants.

Some of the individual line item revenues reported for each function are:

<u>Function/Program</u>	<u>Revenues</u>
Public safety	Fines, COPS grants and block grants
Community and economic development	HUD grants, building permits and licenses
General government	Internal charges for service

The total cost of governmental activities this year was \$86,234,766. Of these costs, \$9,925,300 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations which subsidized certain programs with operating and capital grants and contributions were \$33,938,123, leaving a net expense of \$42,371,343 for governmental activities. These expenses were financed by tax revenue, interest and other general revenues. The Statement of Activities provides further detail. The net (expense) revenue for governmental activities is as follows:

	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>2012</u>	<u>2011</u>
Governmental activities		
Function/Program:		
Public safety	\$ (23,374,701)	\$(20,104,411)
Public works	2,530,285	(183,015)
Health and social services	(327,271)	(396,721)
Culture and recreation	(3,428,302)	(9,496,144)
Community and economic development	(3,743,879)	(1,848,502)
General government	(11,971,019)	(11,353,822)
Interest on long-term debt	(2,056,456)	(2,119,475)
Net (expense) revenue of governmental activities	(42,371,343)	(45,502,090)
General revenues and transfers	60,402,987	53,597,299
Change in net assets	<u>\$ 18,031,644</u>	<u>\$ 8,095,209</u>

Resources available during the year to finance governmental activities totaled \$354,636,931, consisting of net assets at July 1, 2011 of \$250,370,521, program revenues of \$43,863,423 and general revenues and transfers of \$60,402,987. During the year, governmental activities expenses totaled \$86,234,766. Governmental activities net assets increased \$18,031,644 to \$268,402,165.

Business Type Activities

The cost of all business type activities for the year was \$13,363,487 as shown in the Statement of Activities. The amount charged to users of the systems was \$10,492,202 and \$750,000 was funded from grants and contributions. Net expense for business type activities was \$2,121,285. The net (expense) revenue by business type activity for the years ended June 30, 2012 and 2011 is as follows:

Business Type Activities	Net (Expense) Revenue and Changes in Net Assets	
	2012	2011
Sewer	\$ (2,684,910)	\$ (2,665,161)
Refuse and disposal	563,625	592,328
Total net (expense) revenue	(2,121,285)	(2,072,833)
General revenues and transfers	4,703,192	8,940,602
Change in net assets	\$ 2,581,907	6,867,769

Resources available during the year to finance business type activities totaled \$146,829,827, consisting of net assets at July 1, 2011 of \$130,884,433, program revenues of \$11,242,202 and general revenues and transfers of \$4,703,192. During the year, business type activities expenses totaled \$13,363,487 and business type activities net assets increased \$2,581,907 to \$133,466,340.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

GOVERNMENTAL FUND HIGHLIGHTS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balances may serve as a useful measure of net resources available for spending at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$45,235,298. The combined governmental fund balances increased \$8,115,661 over the prior year. The primary reason for this increase is due to recoveries of previously incurred costs from insurance and government grants.

The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund balance increased \$3,149,749, or 15.1%, over the prior year. Revenues increased \$15,577,280, or 30.7%. Expenditures increased \$11,925,655, or 23.9%, over the prior year.

The fund balance increase is primarily due to a \$2.6 million insurance settlement for 2008 and 2010 hail and wind storm damage and an approximate \$11 million increase in grant revenues related to flood damage. These revenue increases were offset by an increase in expenditures in the general government function of approximately \$11.5 million, primarily due to costs associated with the June 2011 flood.

- The Special Revenue, Bass Pro Shop Fund balance declined slightly to \$296,750, a 1.6% decrease from the prior year. Revenues increased \$521,809, or 39.4%, and expenditures increased \$490,664, or 22.8%. The increase in revenue and expense arose from higher debt service payments under the new terms of the urban renewal note. As a result of the higher payments, the amount of grant revenue from the Iowa West Foundation has risen as well.

- The Special Revenue, Tax Increment Financing Fund balance increased \$1,241,335 to a fund balance of \$25,655. Tax increment financing revenues decreased \$1,279,514, or 21.1%. Expenditures for this fund increased only 4.8%, or \$100,799, while transfers out to service debt decreased \$2.2 million, or 61.8%
- The Special Revenue, City Local Option Sales Tax Fund balance increased \$1,900,513, or 16.5%, over the prior year. The increase is primarily due to a \$2.5 million increase in grant revenue from the Iowa Department of Transportation for the South 24th Street Phase II project. This revenue increase was offset by a \$0.5 million decrease in expenditures from this fund.
- The Debt Service Fund balance increased \$6,171,662 over the prior year. The increase is due to \$7.26 million in advance refunding transactions during the year. Of those transactions, approximately \$4 million remains in the Debt Service Fund for payment in June 2013. In addition, overall scheduled principal and interest payments decreased from the prior year, partially due to refinancing debt at lower rates.
- The Capital Projects Fund balance decreased \$2,050,497 from the prior year as the City continued to build and repair infrastructure. The fund will be replenished with the issuance of general obligation bonds and planned transfers from other funds (including the General and Special Revenue, Local Option Sales Tax Funds) for completed projects.

PROPRIETARY FUND HIGHLIGHTS

- The Enterprise, Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal year 2012 with a \$127,587,449 net asset balance compared to the prior year ending net asset balance of \$125,571,720, an increase of \$2,015,729, or 1.6%.
- The Enterprise, Refuse and Disposal Fund ended fiscal year 2012 with a \$5,878,891 net asset balance compared to the prior year ending net asset balance of \$5,312,713, an increase of \$566,178, or 10.6%. The increase in fund balance arose from operating activity as a result of increased volume of materials processed by the recycling center.

BUDGETARY HIGHLIGHTS

The City adopted one budget amendment in the fiscal year ended June 30, 2012. In May 2012, City officials reviewed year to date operations and projected activity to the end of the year and determined adjustments to the budget were needed based on three items. They are: (1) flood fighting activity and recovery costs were not budgeted and not readily determinable prior to the start of the fiscal year, (2) interest expense reductions were available to the City by refinancing existing callable general obligation bonds (the impact of two advance refunding transactions in the year were added to the budget amendment) and (3) the impact arising from the new terms of the urban renewal term loan note (Bass Pro Shop loan) were incorporated into the budget amendment.

In the fiscal year ended June 30, 2012, actual revenue of \$118,187,077 exceeded revised budget revenue of \$114,384,237 by \$3,802,840. Several revenue types contributed to the positive variance. Current property taxes collected in the year were 99.6% of the amount certified. Revenue for licenses and permits exceeded budget, in part, because of building permit activity arising from (1) repairs arising from the August 2011 hailstorm and (2) a major expansion by an existing technology business. Revenue from grants were in excess of budget due to major reimbursements for (1) purchase of right of way for a street/interstate project and (2) FEMA reimbursement for disasters in 2008 and 2011.

Overall, total disbursements were \$18,721,880 less than budgeted amounts. Disbursements during the year ended June 30, 2012 totaled \$117,099,210. The original budget was \$112,971,090 and was subsequently revised to \$135,821,090. The increases to budgeted amounts were to include the impact on expenditures to fight floods and repair infrastructure, to include the debt service payments on the City owned Bass Pro Shop building and to include debt service payments arising from a planned advance refunding transaction. The City did not increase budgeted expenditures in any operational function for reasons other than those stated above. Expenses during the year ended June 30, 2012 exceeded the amount budgeted in the business type activities function. The City carried out its remaining operations in all functions of government within amended budget limits. Finally the reason for the significant positive variance to budget for overall expenses was the deferral of several large capital projects due to the 2011 Missouri River flood. Those projects for the most part have subsequently been initiated or resumed and will be completed in fiscal year 2013 or 2014.

The City is currently in the process of developing an operating budget for the fiscal year ending June 30, 2014, which will plan to have revenues exceed expenditures for all funds, including the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure, represents the value of the resources utilized to provide services to our citizens. Capital assets at June 30, 2012 were \$412,611,541 (net of accumulated depreciation). See Note 3 to the financial statements for more information about the City's capital assets.

The City is constructing a new park on the East bank of the Missouri River. In addition, improvements to trails and other City infrastructure were completed after the June 2011 flood event. The majority of the equipment acquired pertained to vehicles and equipment for the public safety function, which includes the Police and Fire Departments.

For business type activities, projects completed include sewer treatment plant improvements, including a new pump station, and heavy duty equipment placed in service at the recycling center.

Long-term Debt

At June 30, 2012, the City had \$44.4 million in general obligation bonds and notes outstanding versus \$46.5 million last year. The City's general obligation bonds carry an AA2 rating assigned by Moody's Investor Services. Assignment of this rating reflects the City's continued moderate tax base growth, sound financial operations and rapid debt retirement. The City continues to operate well under the State debt capacity limitation. The State limits the amount of general obligation debt outstanding to 5% of the assessed value of all taxable property in the City. Bond proceeds will fund equipment and various capital improvements in the City.

During the fiscal year ended June 30, 2012 the City transacted two refinancing issues. On October 12, 2011, the City issued \$3,165,000 of general obligation refunding bonds to currently refinance the remaining portion of its series 2004 bonds. On April 24, 2012, the City issued \$4,095,000 of general obligation refunding capital loan notes to refinance the remaining portion of its series 2005A bonds. This second refinancing will occur June 1, 2013.

The City chose not to issue any new general obligation bonds in the fiscal year ended June 30, 2012, choosing instead to make a larger issuance in late calendar year 2012.

More detailed information on debt administration is provided in Note 4 to the financial statements.

ECONOMIC FACTORS

The City's operating plan for fiscal year 2013 calls for revenue and other financing activity of \$119,240,015 and expenditures of \$118,832,989. City operations are meeting budgeted expectations. In fiscal year 2014 the City expects to see higher police and fire retirement costs from the state operated system. In addition, statewide issues that could impact City operations include (1) property tax reform, (2) automated traffic enforcement and (3) public safety retirement costs.

The local economy continues to experience growth. A major international technology company has begun a \$300 million expansion. The City's gaming industry has rebounded to pre-economic turndown levels of gaming revenue and the proceeds from local option sales tax and hotel tax show improvement as well. Unemployment remains at 5% - significantly lower than the national average. Finally strong prices in agricultural sectors create optimism of the regional economy of which Council Bluffs is a part.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Arthur W. Hill, CPA, City Finance Director at 712-328-4685.

Basic Financial Statements

City of Council Bluffs

City of Council Bluffs
Statement of Net Assets

June 30, 2012

	Primary Government		
	Governmental Activities	Business Type Activities	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 24,275,543	2,016,521	26,292,064
Investments held with escrow agent	4,030,545	-	4,030,545
Receivables:			
Property tax:			
Delinquent	161,529	-	161,529
Succeeding year	38,180,000	-	38,180,000
Tax increment financing:			
Delinquent	208	-	208
Succeeding year	4,912,000	-	4,912,000
Accounts (net of \$2,098,975 allowance for uncollectible accounts in the General Fund)	3,210,038	1,326,595	4,536,633
Special and drainage assessments	355,373	-	355,373
Customer accounts and unbilled usage	-	615,006	615,006
Loans	705,473	-	705,473
Internal balances	1,500,000	(1,500,000)	-
Due from other governments	15,389,867	6,326	15,396,193
Sewer revenue note proceeds receivable	-	5,108,400	5,108,400
Inventories	1,487,339	400,046	1,887,385
Prepaid expense	555,691	-	555,691
Total current assets	94,763,606	7,972,894	102,736,500
Noncurrent assets:			
Note receivable	750,000	-	750,000
Land held for resale	3,608,977	-	3,608,977
Capital assets - nondepreciable	57,153,557	16,649,311	73,802,868
Capital assets - depreciable (net)	223,600,148	115,208,525	338,808,673
Bond issuance costs	-	-	-
Total noncurrent assets	285,112,682	131,857,836	416,970,518
Total assets	379,876,288	139,830,730	519,707,018
Liabilities			
Current liabilities:			
Accounts payable	3,973,338	383,175	4,356,513
Salaries and benefits payable	689,294	76,965	766,259
Accrued interest payable	122,986	-	122,986
Due to other governments	137,504	11,306	148,810
Deferred and unearned revenue:			
Succeeding year property tax	38,180,000	-	38,180,000
Succeeding year tax increment financing	4,912,000	-	4,912,000
Unearned revenue	172,379	57,609	229,988
Current portion due within one year:			
General obligation bonds/notes	9,835,000	-	9,835,000
Revenue bonds/notes	-	-	-
Urban renewal term loan note	966,667	-	966,667
Loan	15,000	26,000	41,000
Compensated absences	1,862,714	234,321	2,097,035
Total current liabilities	60,866,882	789,376	61,656,258
Noncurrent liabilities:			
General obligation bonds/notes	34,550,000	-	34,550,000
Revenue bonds/notes	-	5,160,000	5,160,000
Urban renewal term loan note	12,325,000	-	12,325,000
Loan	675,000	-	675,000
Compensated absences	1,217,394	149,861	1,367,255
Net OPEB liability	1,335,862	192,138	1,528,000
Net pension liability	503,985	73,015	577,000
Total noncurrent liabilities	50,607,241	5,575,014	56,182,255
Total liabilities	111,474,123	6,364,390	117,838,513

Component Units	
Airport Authority	Library Foundation
83,349	4,649,179
-	-
28,233	-
-	-
-	-
-	-
4,318	-
-	-
-	-
-	-
-	-
816,666	-
-	-
-	-
24,731	-
957,297	4,649,179
-	-
-	-
3,251,161	-
22,310,132	-
24,948	-
25,586,241	-
26,543,538	4,649,179
225,783	-
7,872	-
10,024	-
-	-
-	-
-	-
2,430	-
-	-
160,000	-
-	-
-	-
-	-
406,109	-
-	-
2,445,000	-
-	-
-	-
-	-
-	-
-	-
2,445,000	-
2,851,109	-

(continued on next page)

City of Council Bluffs
Statement of Net Assets
(continued)

June 30, 2012

	Primary Government		Total
	Governmental Activities	Business Type Activities	
Net Assets			
Invested in capital assets, net of related debt	239,751,252	131,806,236	371,557,488
Restricted for:			
Nonexpendable:			
Permanent Fund	59,920	-	59,920
Expendable:			
Debt service	5,045,187	-	5,045,187
Bass Pro Shop	296,750	-	296,750
Street and sewer maintenance and improvements	18,285,444	-	18,285,444
Community development block grant programs	664,508	-	664,508
Insurance	3,391,881	-	3,391,881
Employee benefits	4,279,572	-	4,279,572
Library	271,890	-	-
Other purposes	3,477,334	-	3,477,334
Unrestricted	(7,121,573)	1,660,104	(5,461,469)
Total net assets	\$ 268,402,165	133,466,340	401,868,505

See notes to financial statements.

Component Units	
Airport Authority	Library Foundation
22,956,293	-
-	-
-	-
-	-
-	-
-	-
-	4,649,179
-	-
736,136	-
<u>23,692,429</u>	<u>4,649,179</u>

City of Council Bluffs

Statement of Activities

Year ended June 30, 2012

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Primary Government:				
Governmental activities:				
Public safety	\$ 28,913,039	3,911,323	1,602,679	24,336
Public works	12,088,663	259,818	7,198,572	7,160,558
Health and social services	516,001	106,368	82,362	-
Culture and recreation	8,733,154	1,176,034	148,523	3,980,295
Community and economic development	7,809,473	785,428	2,519,724	760,442
General government	26,117,159	3,686,329	10,459,811	-
Interest on long-term debt	2,057,277	-	821	-
Total governmental activities	86,234,766	9,925,300	22,012,492	11,925,631
Business type activities:				
Sewer	8,468,164	5,033,254	-	750,000
Refuse and disposal	4,895,323	5,458,948	-	-
Total business type activities	13,363,487	10,492,202	-	750,000
Total primary government	\$ 99,598,253	20,417,502	22,012,492	12,675,631
Component Units:				
Airport Authority	\$ 1,456,120	186,018	-	1,176,178
Library Foundation	52,315	-	29,350	-
Total component units	\$ 1,508,435	186,018	29,350	1,176,178
General Revenues and Transfers:				
Property tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Hotel motel tax				
Gaming wager tax				
Other city tax				
Unrestricted investment earnings				
Gain on disposition of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets beginning of year				
Net assets end of year				
See notes to financial statements.				

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business Type Activities	Total	Airport Authority	Library Foundation	
(23,374,701)	-	(23,374,701)			
2,530,285	-	2,530,285			
(327,271)	-	(327,271)			
(3,428,302)	-	(3,428,302)			
(3,743,879)	-	(3,743,879)			
(11,971,019)	-	(11,971,019)			
(2,056,456)	-	(2,056,456)			
(42,371,343)	-	(42,371,343)			
-	(2,684,910)	(2,684,910)			
-	563,625	563,625			
-	(2,121,285)	(2,121,285)			
(42,371,343)	(2,121,285)	(44,492,628)			
			(93,924)	-	
			-	(22,965)	
			(93,924)	(22,965)	
32,146,836	-	32,146,836	594,562	-	
6,706,224	-	6,706,224	-	-	
4,780,377	-	4,780,377	-	-	
8,410,893	-	8,410,893	-	-	
2,579,387	-	2,579,387	-	-	
3,695,712	-	3,695,712	-	-	
3,646,472	-	3,646,472	-	-	
168,082	-	168,082	11,266	40,190	
-	2,553	2,553	-	-	
2,967,288	2,355	2,969,643	29,186	-	
(4,698,284)	4,698,284	-	-	-	
60,402,987	4,703,192	65,106,179	635,014	40,190	
18,031,644	2,581,907	20,613,551	541,090	17,225	
250,370,521	130,884,433	381,254,954	23,151,339	4,631,954	
\$ 268,402,165	133,466,340	401,868,505	23,692,429	4,649,179	

City of Council Bluffs

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

General Fund – This is the City’s operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

Special Revenue, Bass Pro Shop Fund – The Special Revenue, Bass Pro Shop Fund receives money from rent, City and County contributions and contributions from the Iowa West Foundation to pay for operating expenditures and repayment of debt.

Special Revenue, Tax Increment Financing Fund – The Special Revenue, Tax Increment Financing Fund receives revenues from a tax authorized by ordinance in the urban renewal district for repayment of debt.

Special Revenue, City Local Option Sales Tax Fund – The Special Revenue, City Local Option Sales Tax Fund receives revenues from a tax authorized by referendum to cover the costs of maintenance and improvements to the City’s sewer and street system.

Debt Service Fund – The Debt Service Fund receives revenues from property tax and other sources for repayment of general obligation debt.

Capital Projects Fund – The Capital Projects Fund accounts for all the resources used in the acquisition and construction of capital facilities and other capital assets.

City of Council Bluffs

Balance Sheet
Governmental Funds

June 30, 2012

	General	Special Revenue		
		Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax
Assets				
Cash and pooled investments	\$ 9,940,776	242,605	104,784	9,352,679
Cash in escrow	-	-	-	-
Receivables:				
Property tax:				
Delinquent	134,926	-	-	-
Succeeding year	31,375,000	-	-	-
Tax increment financing:				
Delinquent	-	-	208	-
Succeeding year	-	-	4,912,000	-
Accounts (net)	1,553,164	54,145	-	-
Special and drainage assessments	183,501	-	-	-
Loans	-	-	-	-
Note	750,000	-	-	-
Advance to other funds	82,976	-	-	-
Due from other funds	8,750,000	-	-	-
Due from other governments	8,481,075	-	4,640	4,921,000
Inventories	425,335	-	-	-
Prepaid expenditures	555,691	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 62,232,444	296,750	5,021,632	14,273,679
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,398,650	-	793	428,486
Salaries and benefits payable	631,831	-	-	-
Advance from other funds	-	-	82,976	-
Due to other funds	-	-	-	-
Due to other governments	120,240	-	-	1,545
Deferred revenue:				
Succeeding year property tax	31,375,000	-	-	-
Succeeding year tax increment financing	-	-	4,912,000	-
Other	4,757,561	-	208	448,594
Total liabilities	38,283,282	-	4,995,977	878,625
Fund balances:				
Nonspendable:				
Cemetery perpetual care	-	-	-	-
Inventories	425,335	-	-	-
Prepaid expenditures	555,691	-	-	-
Note receivable	750,000	-	-	-
Advance to other funds	82,976	-	-	-
Restricted for:				
Street and sewer maintenance and improvements	-	-	-	13,395,054
Debt service	-	-	25,655	-
Community development block grant programs	-	-	-	-
Other purposes	8,976,226	296,750	-	-
Unassigned	13,158,934	-	-	-
Total fund balances	23,949,162	296,750	25,655	13,395,054
Total liabilities and fund balances	\$ 62,232,444	296,750	5,021,632	14,273,679

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
3,016,874	5,389	1,612,436	24,275,543
4,030,545	-	-	4,030,545
26,603	-	-	161,529
6,805,000	-	-	38,180,000
-	-	-	208
-	-	-	4,912,000
-	1,596,379	6,350	3,210,038
-	-	171,872	355,373
-	-	705,473	705,473
-	-	-	750,000
-	-	-	82,976
-	-	3,000,000	11,750,000
85,769	1,230,438	666,945	15,389,867
-	-	1,062,004	1,487,339
-	-	-	555,691
-	3,608,977	-	3,608,977
13,964,791	6,441,183	7,225,080	109,455,559
2,000	1,958,004	185,405	3,973,338
-	-	57,463	689,294
-	-	-	82,976
-	10,250,000	-	10,250,000
-	27	15,692	137,504
6,805,000	-	-	38,180,000
-	-	-	4,912,000
26,603	367,262	394,921	5,995,149
6,833,603	12,575,293	653,481	64,220,261
-	-	59,920	59,920
-	-	1,062,004	1,487,339
-	-	-	555,691
-	-	-	750,000
-	-	-	82,976
-	-	3,729,077	17,124,131
7,131,188	-	-	7,156,843
-	-	664,508	664,508
-	-	1,056,090	10,329,066
-	(6,134,110)	-	7,024,824
7,131,188	(6,134,110)	6,571,599	45,235,298
13,964,791	6,441,183	7,225,080	109,455,559

Exhibit D

City of Council Bluffs

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2012

Total governmental fund balances (page 31) \$ 45,235,298

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. The cost of capital assets is \$392,203,262 and the accumulated depreciation/amortization is \$111,449,557.

280,753,705

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.

5,822,770

Long-term liabilities, including bonds and notes payable, capital lease purchase agreements payable, loan payable, net OPEB liability, net pension liability, accrued interest payable and compensated absences payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.

General obligation bonds/notes	\$ (44,385,000)	
Urban renewal term loan note	(13,291,667)	
HUD loan	(690,000)	
Compensated absences	(3,080,108)	
Net OPEB liability	(1,335,862)	
Net pension liability	(503,985)	
Accrued interest payable	(122,986)	(63,409,608)

Net assets of governmental activities (page 24)

\$268,402,165

See notes to financial statements.

City of Council Bluffs

City of Council Bluffs

Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2012

	Special Revenue			
	General	Bass Pro Shop	Tax Increment Financing	City Local Option Sales Tax
Revenues:				
Property tax	\$ 32,125,620	-	-	-
Tax increment financing	-	-	4,780,170	-
Other city tax	9,229,266	-	-	8,005,597
Licenses and permits	3,492,832	-	-	-
Use of money and property	171,223	653,734	-	-
Intergovernmental	12,742,847	192,560	-	3,700,677
Charges for service	3,291,755	-	-	-
Special and drainage assessments	-	-	-	-
Miscellaneous	5,303,824	1,000,000	-	115,588
Total revenues	66,357,367	1,846,294	4,780,170	11,821,862
Expenditures:				
Current:				
Public safety	28,144,904	-	-	-
Public works	1,465,168	-	-	-
Health and social services	584,156	-	-	-
Culture and recreation	6,286,086	-	-	-
Community and economic development	751,043	1,343,464	2,191,470	-
General government	24,696,385	-	-	-
Debt service:				
Principal redeemed	-	966,667	-	-
Interest paid	-	328,582	-	-
Miscellaneous debt expense	-	-	-	-
Capital projects	-	-	-	6,699,586
Total expenditures	61,927,742	2,638,713	2,191,470	6,699,586
Excess (deficiency) of revenues over (under) expenditures	4,429,625	(792,419)	2,588,700	5,122,276
Other financing sources (uses):				
General obligation refunding bonds issued	-	-	-	-
General obligation refunding capital loan notes issued	-	-	-	-
Premium on general obligation bonds issued	-	-	-	-
General obligation bonds refunded	-	-	-	-
Operating transfers in		787,548	-	774,049
Operating transfers out	(1,279,876)	-	(1,347,365)	(3,995,812)
Total other financing sources (uses)	(1,279,876)	787,548	(1,347,365)	(3,221,763)
Net change in fund balances	3,149,749	(4,871)	1,241,335	1,900,513
Fund balances beginning of year	20,799,413	301,621	(1,215,680)	11,494,541
Fund balances end of year	\$ 23,949,162	296,750	25,655	13,395,054

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
6,703,672	-	-	38,829,292
-	-	-	4,780,170
555,487	-	-	17,790,350
-	-	36,728	3,529,560
821	-	4,000	829,778
112,001	2,301,302	6,830,246	25,879,633
-	-	3,766	3,295,521
-	-	295,695	295,695
-	5,839,160	201,396	12,459,968
7,371,981	8,140,462	7,371,831	107,689,967
-	-	90,597	28,235,501
-	-	4,480,024	5,945,192
-	-	-	584,156
-	-	61,487	6,347,573
-	-	1,113,239	5,399,216
-	-	1,340,050	26,036,435
6,195,000	-	-	7,161,667
1,734,642	-	-	2,063,224
121,321	-	-	121,321
-	15,141,852	-	21,841,438
8,050,963	15,141,852	7,085,397	103,735,723
(678,982)	(7,001,390)	286,434	3,954,244
3,165,000	-	-	3,165,000
4,095,000	-	-	4,095,000
109,056	-	-	109,056
(3,165,000)	-	-	(3,165,000)
2,646,548	5,724,942	977,002	10,910,089
-	(774,049)	(3,555,626)	(10,952,728)
6,850,604	4,950,893	(2,578,624)	4,161,417
6,171,622	(2,050,497)	(2,292,190)	8,115,661
959,566	(4,083,613)	8,863,789	37,119,637
7,131,188	(6,134,110)	6,571,599	45,235,298

City of Council Bluffs

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
to the Statement of Activities

Year ended June 30, 2012

Net change in fund balances-total governmental funds (page 35) \$ 8,115,661

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 15,889,470	
Depreciation/amortization expense	<u>(9,912,960)</u>	5,976,510

Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	24,334	
Other	<u>1,250,692</u>	1,275,026

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issuance, as follows:

Issued	(7,260,000)	
Repaid	<u>10,401,972</u>	3,141,972

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(341,913)	
Net OPEB expense	(163,372)	
Net pension expense	9,548	
Interest on long-term debt	<u>18,212</u>	<u>(477,525)</u>

Change in net assets of governmental activities (page 27) \$ 18,031,644

See notes to financial statements.

City of Council Bluffs

PROPRIETARY FUND FINANCIAL STATEMENTS

Major Funds

Enterprise, Sewer Fund – The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

Enterprise, Refuse and Disposal Fund – The Enterprise, Refuse and Disposal Fund accounts for the operation and maintenance of the City's solid waste collection and recycling systems.

City of Council Bluffs

Statement of Net Assets
Proprietary Funds

June 30, 2012

	Business Type Activities - Enterprise		
		Refuse and Disposal	Total
Assets			
Current assets:			
Cash and pooled investments	\$ 42,078	1,974,443	2,016,521
Receivables:			
Accounts	30,031	1,296,564	1,326,595
Customer accounts and unbilled usage	615,006	-	615,006
Due from other governments	6,326	-	6,326
Sewer revenue capital loan note proceeds receivable	5,108,400	-	5,108,400
Inventories	378,909	21,137	400,046
Total current assets	6,180,750	3,292,144	9,472,894
Noncurrent assets:			
Capital assets - nondepreciable	16,288,689	360,622	16,649,311
Capital assets - depreciable (net)	112,424,867	2,783,658	115,208,525
Total noncurrent assets	128,713,556	3,144,280	131,857,836
Total assets	134,894,306	6,436,424	141,330,730
Liabilities			
Current liabilities:			
Accounts payable	51,428	331,747	383,175
Salaries and benefits payable	60,452	16,513	76,965
Due to other funds	1,500,000	-	1,500,000
Due to other governments	11,090	216	11,306
Unearned revenue	-	57,609	57,609
SWAP loan payable	-	26,000	26,000
Compensated absences	184,124	50,197	234,321
Total current liabilities	1,807,094	482,282	2,289,376
Noncurrent liabilities:			
Revenue notes payable	5,160,000	-	5,160,000
Compensated absences	116,924	32,937	149,861
Net OPEB liability	161,299	30,839	192,138
Net pension liability	61,540	11,475	73,015
Total noncurrent liabilities	5,499,763	75,251	5,575,014
Total liabilities	7,306,857	557,533	7,864,390
Net Assets			
Invested in capital assets, net of related debt	128,661,956	3,144,280	131,806,236
Unrestricted	(1,074,507)	2,734,611	1,660,104
Total net assets	\$ 127,587,449	5,878,891	133,466,340

See notes to financial statements.

City of Council Bluffs

Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2012

	Business Type Activities		
	Enterprise		
	Sewer	Refuse and Disposal	Total
Operating revenues:			
Charges for service	\$ 5,012,974	4,729,725	9,742,699
Miscellaneous	20,280	729,223	749,503
Total operating revenues	5,033,254	5,458,948	10,492,202
Operating expenses:			
Sewer system and sewage disposal	5,431,631	-	5,431,631
Refuse disposal	-	4,650,147	4,650,147
Depreciation	2,949,816	245,176	3,194,992
Total operating expenses	8,381,447	4,895,323	13,276,770
Operating income (loss)	(3,348,193)	563,625	(2,784,568)
Nonoperating revenues (expenses):			
Land rent	2,355	-	2,355
Gain on disposition of capital assets	-	2,553	2,553
Interest expense	(14,656)	-	(14,656)
Miscellaneous debt expense	(72,061)	-	(72,061)
Total nonoperating revenues (expenses)	(84,362)	2,553	(81,809)
Net income (loss) before contributions and transfers	(3,432,555)	566,178	(2,866,377)
Contributions and transfers:			
Capital contributions	5,405,645	-	5,405,645
Transfers in	42,639	-	42,639
Total contributions and transfers	5,448,284	-	5,448,284
Change in net assets	2,015,729	566,178	2,581,907
Net assets beginning of year	125,571,720	5,312,713	130,884,433
Net assets end of year	\$ 127,587,449	5,878,891	133,466,340

See notes to financial statements.

City of Council Bluffs

Exhibit I

City of Council Bluffs

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2012

	Business Type Activities		
	Enterprise		
	Refuse and Disposal		Total
	Sewer		
Cash flows from operating activities:			
Cash received from customers and users	\$ 5,207,253	4,795,573	10,002,826
Cash received from other sources	15,690	748,103	763,793
Cash paid for personal services	(3,527,793)	(1,017,881)	(4,545,674)
Cash paid to suppliers	(1,663,890)	(3,595,632)	(5,259,522)
Net cash provided by operating activities	31,260	930,163	961,423
Cash flows from noncapital financing activities:			
Land rent	2,355	-	2,355
Nonoperating noncapital grants	263,000	-	263,000
Negative cash implicitly financed	(72,236)	-	(72,236)
Transfers from other funds	42,639	-	42,639
Principal paid on SWAP loan	-	(26,000)	(26,000)
Net cash provided by (used for) noncapital financing activities	235,758	(26,000)	209,758
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(195,592)	(438,214)	(633,806)
Interest and fees paid on sewer revenue capital loan notes	(35,117)	-	(35,117)
Net cash used for capital and related financing activities	(230,709)	(438,214)	(668,923)
Net increase in cash and cash equivalents	36,309	465,949	502,258
Cash and cash equivalents beginning of year	5,769	1,508,494	1,514,263
Cash and cash equivalents end of year	\$ 42,078	1,974,443	2,016,521

City of Council Bluffs
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2012

	Business Type Activities		
	Enterprise		
	Sewer	Refuse and Disposal	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (3,348,193)	563,625	(2,784,568)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	2,949,816	245,176	3,194,992
Decrease in accounts receivable	29,118	65,848	94,966
Decrease in customer accounts receivable and unbilled usage	165,161	-	165,161
Decrease in due from other governments	242,723	169,174	411,897
(Increase) decrease in inventories	(102,051)	837	(101,214)
Increase in accounts payable	20,075	19,921	39,996
Increase in salaries and benefits payable	27,522	1,707	29,229
(Decrease) in due to other funds	-	(152,257)	(152,257)
Increase in due to other governments	11,090	217	11,307
Increase in unearned revenue	-	1,963	1,963
Increase in compensated absences	16,695	10,080	26,775
Increase in net OPEB liability	20,492	4,136	24,628
(Decrease) in net pension liability	(1,188)	(264)	(1,452)
Total adjustments	3,379,453	366,538	3,745,991
Net cash provided by operating activities	\$ 31,260	930,163	961,423

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, capital assets of \$4,655,645 and \$750,000 were contributed to the Sewer Fund by the governmental funds and the Army Corp of Engineers, respectively.

During the year ended June 30, 2012, \$5,108,400 of revenue note proceeds were recorded for revenue notes where the closing date was prior to June 30, 2012 but the actual proceeds were not received until fiscal year 2013.

See notes to financial statements.

City of Council Bluffs

FIDUCIARY FUND FINANCIAL STATEMENT

Fiduciary Funds are presented by fund in the Supplementary Information section.

City of Council Bluffs
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2012

Assets

Cash and polled investments	\$ 20,408
Due from other governments	51,649
Total assets	<u>72,057</u>

Liabilities

Due to other governments	40,097
Trusts payable	31,960
Total liabilities	<u>72,057</u>

Net assets

<u>\$ -</u>

See notes to financial statements.

City of Council Bluffs

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

The City of Council Bluffs is a political subdivision of the State of Iowa located in Pottawattamie County. It was first incorporated in 1853 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also operates the airport and provides sewer and sanitation utilities for its citizens.

The financial statements of the City of Council Bluffs have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the City of Council Bluffs has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Council Bluffs (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Units

The Council Bluffs Airport Authority (Authority) was established pursuant to Chapter 330A of the Code of Iowa to operate the City's airport facility. The Authority is governed by a seven member board appointed by the Mayor, with concurrence of a majority of the City Council. The board members serve at the pleasure of the City. The City annually provides significant operating subsidies to the Authority and collects and remits the tax levied by the Authority. In accordance with criteria set by the Governmental Accounting Standards Board, the Authority meets the definition of a component unit which should be discretely presented. Complete financial statements of the Council Bluffs Airport Authority can be obtained from its office at 101 McCandless Lane, Council Bluffs, Iowa 51503.

The Council Bluffs Public Library Foundation (Foundation) has been incorporated under the provisions of the Iowa Nonprofit Corporation Act to operate exclusively for charitable, educational and literary purposes for the enhancement and improvement of the Council Bluffs Public Library. In accordance with criteria set by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. Based on these criteria, the economic resources received or held by the Foundation are substantially for the direct benefit of the City of Council Bluffs Library.

Jointly Governed Organization

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Pottawattamie County Assessor's Conference Board, Metropolitan Area Planning Agency, Pottawattamie County Emergency Management Commission and Pottawattamie County E911 Service Board.

Related Organizations and Organizations with Joint Venture Characteristics

The City participates in several related organizations or related organizations with joint venture characteristics for which the City is not financially accountable even though the City appoints a voting majority of the organization's governing board or the organization's financial activity is reported in the City's financial statements and in another participating government's financial statements. City officials are members of or appoint representatives to the following organizations: Municipal Housing Agency, Convention and Visitors Bureau, the Pottawattamie County Communications Center Commission, the Southwest Iowa Solid Waste Management Association and the Council Bluffs Municipal Waterworks.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories/components:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues from general and emergency levies and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

The Special Revenue, Bass Pro Shop Fund is used to account for revenues from rent and City, County and Iowa West Foundation contributions and used for the payment of interest and principal on the City's urban renewal term loan note debt and maintenance of the Bass Pro Shop.

The Special Revenue, Tax Increment Financing Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay indebtedness incurred for urban renewal projects.

The Special Revenue, City Local Option Sales Tax Fund is used to account for revenues from the tax authorized by referendum and used for maintenance and improvements to the City's sewer and street systems.

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The City reports the following major proprietary funds:

The Enterprise, Sewer Fund is used to account for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Refuse and Disposal Fund is used to account for the operation and maintenance of the City's solid waste collection and recycling system.

Agency funds are used to account for payroll costs of the Municipal Housing Authority for operations and for persons associated with Section 8 housing.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the programs. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

The proprietary funds of the City apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most City funds are pooled and invested in interest-bearing cash accounts or certificates of deposit. Interest on the pooled cash investments is recognized as revenue when earned and allocated to the funds on a systematic basis, or as provided by law. Investments are stated at fair value except for the investments in the Iowa Public Agency Investment Trust which are valued at amortized cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable, Including Tax Increment Financing – Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2012 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2011.

Customer Accounts and Unbilled Usage – Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Special and Drainage Assessments Receivable – Special and drainage assessments receivable represents the amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other tax. Assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Advances to/from Other Funds – Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account for governmental funds which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Due From other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Items – Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items in both government-wide and fund financial statements. In governmental funds, prepaid items are accounted for using the consumption method and a portion of fund balance equal to the prepaid items has been reported as nonspendable to indicate that it is not available for appropriation.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the City) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or

materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land, buildings and improvements	\$ 25,000
Machinery, equipment and vehicles	5,000
Infrastructure	50,000
Intangibles	50,000

Capital assets of the City are depreciated/amortized using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	40-50 years
Land improvements	10-20 years
Machinery and equipment	5-30 years
Vehicles	5-10 years
Infrastructure	20-65 years
Intangibles	7-15 years

Deferred and Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred and unearned revenue consists of delinquent property tax receivable and other receivables not collected within sixty days after year end and unearned revenue.

Deferred and unearned revenue in the Statement of Net Assets consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and unearned revenue.

Compensated Absences – City employees accumulate a limited amount of earned but unused vacation and sick leave benefits and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Assets and the proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. Expenses during the year ended June 30, 2012 exceeded the amount budgeted in the business type activities function.

F. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentations.

(2) Cash and Pooled Investments

Primary Government

The City's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2012 the City had the following investments:

Type	Fair Value	Maturity
U.S. Treasury Securities	\$ 16,686	December 2012
U.S. Treasury Securities	4,013,859	June 2013
Total	<u>\$ 4,030,545</u>	

The above U.S. Treasury Securities are held in escrow to be used for refunding the general obligation bonds issued May 17, 2005.

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$200,085, which approximates fair value, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the investment of operating funds (funds reasonably expected to be expended during the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days. However, all investments of the City shall have maturities consistent with the needs and uses of the City.

Credit risk – The City's investments in the Iowa Public Agency Investment Trust are unrated.

Concentration of credit risk – The City's investment policy has the following limitations: no more than 10% of the investment portfolio may be invested in prime banker's acceptances, commercial paper or other short-term corporate debt, no more than 5% of the investment portfolio may be invested in the securities of a single issuer and no more than 5% of all amounts invested in commercial paper or other short-term corporate debt shall be invested in paper and debt rated in the second highest classification. When possible, it is the City's policy to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer or a specific class of securities.

Discretely Presented Component Unit – Library Foundation

The Council Bluffs Public Library Foundation's investments at June 30, 2012 consist of mutual funds with a fair value of \$4,648,076.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year, as restated	Increases	Decreases	Balance End of Year
Primary Government				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 32,461,642	3,846,805	(1,061,069)	35,247,378
Construction in progress	26,327,771	12,092,100	(16,513,692)	21,906,179
Total capital assets not being depreciated	58,789,413	15,938,905	(17,574,761)	57,153,557
Capital assets being depreciated/amortized:				
Buildings	119,639,986	8,093,319	-	127,733,305
Improvements other than buildings	27,044,061	668,333	-	27,712,394
Equipment and vehicles	19,915,489	1,173,099	(274,888)	20,813,700
Infrastructure, road network and other	150,517,313	7,695,956	-	158,213,269
Intangibles	577,037	-	-	577,037
Total capital assets being depreciated/amortized	317,693,886	17,630,707	(274,888)	335,049,705
Less accumulated depreciation/amortization for:				
Buildings	22,208,347	2,861,669	-	25,070,016
Improvements other than buildings	11,967,835	1,327,664	-	13,295,499
Equipment and vehicles	13,538,019	1,567,384	(169,507)	14,935,896
Infrastructure, road network and other	53,594,964	4,109,340	-	57,704,304
Intangibles	396,939	46,903	-	443,842
Total accumulated depreciation/amortization	101,706,104	9,912,960	(169,507)	111,449,557
Total capital assets being depreciated/amortized, net	215,987,782	7,717,747	(105,381)	223,600,148
Governmental activities capital assets, net	\$ 274,777,195	23,656,652	(17,680,142)	280,753,705
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 6,445,912	-	(4,000)	6,441,912
Construction in progress	15,796,832	4,186,982	(9,776,415)	10,207,399
Total capital assets not being depreciated	22,242,744	4,186,982	(9,780,415)	16,649,311
Capital assets being depreciated:				
Buildings	20,046,091	750,000	-	20,796,091
Improvements other than buildings	6,837,493	38,342	-	6,875,835
Equipment and vehicles	12,657,271	762,421	(23,036)	13,396,656
Infrastructure, sewer network	109,046,469	9,776,415	-	118,822,884
Total capital assets being depreciated	148,587,324	11,327,178	(23,036)	159,891,466
Less accumulated depreciation for:				
Buildings	9,953,188	401,276	-	10,354,464
Improvements other than buildings	1,207,298	124,535	-	1,331,833
Equipment and vehicles	7,744,684	606,205	(6,582)	8,344,307
Infrastructure, sewer network	22,589,361	2,062,976	-	24,652,337
Total accumulated depreciation	41,494,531	3,194,992	(6,582)	44,682,941
Total capital assets being depreciated, net	107,092,793	8,132,186	(16,454)	115,208,525
Business type activities capital assets, net	\$ 129,335,537	12,319,168	(9,796,869)	131,857,836

Depreciation/amortization expense was charged to functions of the primary government as follows:

Governmental activities:

Public safety	\$ 909,037
Public works	4,480,583
Health and social services	28,397
Culture and recreation	2,123,593
Community and economic development	2,292,175
General government	79,175
Total depreciation/amortization expense - governmental activities	<u>\$ 9,912,960</u>

Business type activities:

Sewer	\$ 2,949,816
Refuse and disposal	245,176
Total depreciation expense - business type activities	<u>\$ 3,194,992</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Discretely Presented Component Unit:				
Airport Authority:				
Land	\$ 2,192,064	-	-	2,192,064
Construction in progress	937,620	1,353,056	(1,231,579)	1,059,097
Total capital assets not being depreciated	3,129,684	1,353,056	(1,231,579)	3,251,161
Capital assets being depreciated:				
Buildings	6,854,386	11,352	-	6,865,738
Improvements other than buildings	17,964,620	1,231,579	-	19,196,199
Equipment and vehicles	321,305	-	-	321,305
Total capital assets being depreciated	25,140,311	1,242,931	-	26,383,242
Less accumulated depreciation for:				
Buildings	1,258,549	163,526	-	1,422,075
Improvements other than buildings	1,837,676	600,104	-	2,437,780
Equipment and vehicles	186,730	26,525	-	213,255
Total accumulated depreciation	3,282,955	790,155	-	4,073,110
Total capital assets being depreciated, net	21,857,356	452,776	-	22,310,132
Discretely presented component unit capital assets, net	<u>\$ 24,987,040</u>	<u>1,805,832</u>	<u>(1,231,579)</u>	<u>25,561,293</u>
Total depreciation expense - discretely presented component unit				<u>\$ 790,155</u>

(4) Long-Term Liabilities

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds/notes	\$ 46,485,000	7,260,000	(9,360,000)	44,385,000	9,835,000
Urban renewal term loan note	14,258,334	-	(966,667)	13,291,667	966,667
Capital lease purchase agreements	60,305	-	(60,305)	-	-
HUD loan	705,000	-	(15,000)	690,000	15,000
Compensated absences	2,738,195	2,400,537	(2,058,624)	3,080,108	1,862,714
Net OPEB liability	1,172,490	353,683	(190,311)	1,335,862	-
Net pension liability	513,533	76,384	(85,932)	503,985	-
Total	\$ 65,932,857	10,090,604	(12,736,839)	63,286,622	12,679,381
Business type activities:					
Sewer revenue capital loan notes	\$ 900,000	5,276,000	(1,016,000)	5,160,000	-
SWAP loan	52,000	-	(26,000)	26,000	26,000
Compensated absences	357,407	311,508	(284,733)	384,182	234,321
Net OPEB liability	167,510	53,317	(28,689)	192,138	-
Net pension liability	74,467	11,616	(13,068)	73,015	-
Total	\$ 1,551,384	5,652,441	(1,368,490)	5,835,335	260,321

General Obligation Bonds/Notes Payable

General obligation bonds/notes have been issued for governmental activities. The portion of unmatured general obligation bonds/notes accounted for in governmental activities and serviced by the Debt Service Fund totaled \$44,385,000 at June 30, 2012. General obligation bonds/notes bear interest at rates ranging from .05% to 5.6% per annum and mature in varying annual amounts ranging from \$50,000 to \$4,960,000, with final maturities due in the year ending June 30, 2025.

On October 12, 2011, the City issued \$3,165,000 of general obligation refunding bonds with an interest rate of 2.00% per annum for a current refunding of \$3,185,000 of general obligation bonds dated March 1, 2004. In addition to the proceeds of the 2011 general obligation refunding bonds, the City paid \$20,000 toward the refunding from cash reserves on hand. The City refunded the bonds to reduce its total debt service payments by approximately \$257,000 and to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of approximately \$246,000.

On April 24, 2012, the City issued \$4,095,000 of general obligation refunding capital loan notes with interest at rates ranging from .05% to 1.5% per annum for a crossover refunding of the general obligation bonds issued May 17, 2005. The City entered into an escrow agreement whereby the proceeds from the general obligation refunding capital loan notes were converted to U.S. Securities. These securities were placed in an escrow account for the express purpose of paying the \$4,000,000 principal on the refunded general obligation bonds when they become callable on June 1, 2013 and the interest falling due on the bonds on or before June 1, 2013. After the principal and interest on all of the outstanding bonds have been paid, any remaining funds in the escrow account, together with any interest thereon, shall be returned to the City. The transactions, balances and liabilities of the escrow account are recorded by the City since the refunded debt is not considered extinguished.

The City refunded the bonds to reduce its total debt service payments by approximately \$251,000 and to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of approximately \$246,000.

During the year ended June 30, 2012, principal payments of \$9,360,000 and interest payments of \$1,694,376 were made by the City on general obligation bonds/notes.

Urban Renewal Term Loan Note

On February 18, 2011, the City issued a \$14,500,000 urban renewal term loan note through U.S. Bank National Association, the proceeds of which were used to retire the outstanding urban renewal capital loan note. The term loan note bears interest at a variable rate, adjusted monthly. Principal and interest payments are amortized over fifteen years and are due in monthly installments of \$80,556 beginning on April 30, 2011, with a final balloon payment due on March 31, 2014.

Principal and interest on this note are secured as follows:

- (1) Bass Pro Shop lease rental payments,
- (2) Mortgage and Security Agreement, in favor of the holder of the note, granting a first lien on the project improvements and land,
- (3) County annual appropriation economic development grant,
- (4) Iowa West Foundation, Inc. guaranty and
- (5) Certain annual appropriations totaling \$10,243,220 to be made by the City.

During the year ended June 30, 2012, principal payments of \$966,667 and interest payments of \$328,582 were made by the City.

The City has pledged future Bass Pro Shop lease rental income and contributions from the City, County and Iowa West Foundation, net of specified operating expenditures, to repay the urban renewal term loan note issued in February 2011. Annual principal and interest payments on the note are expected to require more than 100% of net revenues. The total principal and interest remaining to be paid on the note is \$13,768,338. For the current year, principal and interest paid and total net revenues (operating revenues plus transfers in from the City, less operating expenditures) were \$1,295,249 and \$1,290,378, respectively.

Sewer Revenue Capital Loan Notes

On May 2, 2012, the City entered into an agreement with the Iowa Finance Authority (IFA) for the issuance of up to \$5,160,000 of sewer revenue capital loan notes with interest at 3.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the sewer utility system. The City will draw down funds from the IFA upon request to reimburse the City for costs as they are incurred. At June 30, 2012, the City had not drawn down any of the authorized amount. An initiation fee of 1% of the authorized borrowing for the sewer revenue capital loan notes will be charged by the Iowa Finance Authority and withheld from the first proceeds of the sewer revenue capital loan notes drawn by the City. Final repayment schedules will not be adopted until the City has drawn down the lesser of total project costs or the authorized amount of the notes.

The closing date on the sewer revenue capital loan notes was prior to June 30, 2012. Accordingly, a receivable and a liability for \$5,108,400 (net of \$51,600 initiation fee) and \$5,160,000, respectively, have been reported as of the closing date as prescribed by generally accepted accounting principles and are included in the Statement of Net Assets as sewer revenue note proceeds receivable and sewer revenue notes payable.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the sewer revenue capital loan notes. The notes are payable solely from sewer customer net receipts. Annual principal and interest payments on the notes are expected to require more than 100% of net revenues. The total amount of principal and interest remaining to be paid on the notes at June 30, 2012 is not available since final repayment schedules have not been adopted.

The resolutions providing for the issuance of the sewer revenue capital loan notes issued under loan agreements between the City, the Iowa Finance Authority and the Iowa Department of Natural Resources includes the following provisions:

- (1) The notes will only be redeemed from the future earnings of the enterprise activity and the note holder holds a lien on the future earnings of the funds.
- (2) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

Solid Waste Alternative Program (SWAP) Loan

In September 2008, the City entered into a loan agreement with the Iowa Department of Natural Resources to provide funds to assist with the cost of non-capitalized equipment for the recycling program. The agreement awarded up to \$150,000 in the form of a forgivable loan of \$20,000 and a zero interest loan of \$130,000. The term of the loan is 60 months and requires 20 quarterly payments of \$6,500 beginning October 15, 2008. At June 30, 2012, a total of \$150,000 has been drawn on the loans, including \$20,000 of the forgivable loan.

The City paid \$26,000 of principal under the agreement during the year ended June 30, 2012 and paid the remaining balance of \$26,000 in September 2012.

Governmental activities:

Details of general obligation bonds/notes payable at June 30, 2012 are as follows:

Obligation/Purpose	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2012
General obligation bonds:						
Essential corporate purpose	May 17, 2005	3.500-4.000%	June 1, 2019	\$ 380,000-520,000	8,000,000	4,960,000
Essential corporate purpose	Apr 10, 2006	4.000-4.200	June 1, 2020	100,000-2,945,000	8,220,000	3,300,000
Corporate purpose	May 1, 2007	4.000	June 1, 2020	100,000-2,100,000	8,965,000	6,465,000
Essential corporate purpose	May 1, 2007	3.700-4.000	June 1, 2020	155,000-240,000	2,150,000	1,660,000
Corporate purpose	Jun 23, 2008	3.250-4.000	June 1, 2021	140,000-805,000	7,615,000	6,105,000
Essential corporate purpose	Jun 9, 2009	2.100-5.600	June 1, 2024	50,000-660,000	7,165,000	6,295,000
Essential corporate purpose	Aug 11, 2010	1.000-3.650	June 1, 2025	115,000 - 805,000	7,300,000	6,065,000
Essential corporate purpose	Oct 12, 2011	2.000	June 1, 2019	415,000 - 490,000	3,165,000	3,165,000
General obligation capital loan notes:						
Essential corporate purpose	Mar 18, 2010	2.000-2.500	June 1, 2015	690,000 - 780,000	3,685,000	2,275,000
Essential corporate purpose	Apr 24, 2012	0.500-1.500	June 1, 2019	485,000 - 1,065,000	4,095,000	4,095,000
Total governmental activities						<u>\$ 44,385,000</u>

Details of the urban renewal term loan note payable at June 30, 2012 are as follows:

Obligation	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Principal Outstanding June 30, 2012
Term loan note	Feb 18, 2011	2.3302% *	Feb 18, 2014	\$ 966,667 - 12,325,000	14,500,000	<u>13,291,667</u>

* Rate is variable with 225 basis points added to the 30-day LIBOR index, adjusted monthly.

A summary of the annual principal and interest payments to maturity is as follows:

Year Ending June 30,	General Obligation Bonds/Notes			Urban Renewal Term Loan Note		
	Principal	Interest	Total	Principal	Interest*	Total
2013	\$ 9,835,000	1,479,419	11,314,419	966,667	298,837	1,265,504
2014	5,720,000	1,134,413	6,854,413	12,325,000	177,834	12,502,834
2015	5,520,000	983,122	6,503,122	-	-	-
2016	3,940,000	833,487	4,773,487	-	-	-
2017	3,710,000	712,750	4,422,750	-	-	-
2018-2022	12,640,000	1,886,060	14,526,060	-	-	-
2023-2025	3,020,000	232,835	3,252,835	-	-	-
Total	<u>\$ 44,385,000</u>	<u>7,262,086</u>	<u>51,647,086</u>	<u>13,291,667</u>	<u>476,671</u>	<u>13,768,338</u>

* Annual interest payments are estimated since the interest rate on this note varies.

At June 30, 2012, the general obligation debt issued by the City did not exceed its legal debt margin, computed as follows:

Actual assessed value as of January 1, 2010 (unaudited)	\$ 4,352,621,658
Debt limit - 5% of total actual valuation	\$ 217,631,083
Less debt applicable to debt limit:	
General obligation debt outstanding	(44,385,000)
Tax increment indebtedness	(32,098,689)
Plus funds on hand available to service debt:	
Debt Service Fund balance	7,131,188
Tax Increment Financing Fund balance	25,655
Legal debt margin	\$ 148,304,237

(5) U.S. Department of Housing and Urban Development (HUD) Loan

HUD Loan to City

On August 20, 2007, the City entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) to borrow \$750,000 under the provisions of the HUD Section 108 Loan Guarantee Program. The loan, for the purpose discussed below, is evidenced by a promissory note with a variable interest rate equal to 20 basis points (0.2%) above the applicable London Interbank Offered Rates (LIBOR), adjusted monthly. Interest is payable quarterly on the loan and principal is due annually for twenty years, beginning August 1, 2008 and ending August 1, 2027. During the year ended June 30, 2012, the City paid \$15,000 of principal and \$4,601 of interest on the loan. Below is a summary of the annual principal and interest payments to maturity.

Year Ending June 30,	Principal	Interest *	Total
2013	\$ 15,000	4,501	19,501
2014	15,000	4,401	19,401
2015	15,000	4,301	19,301
2016	20,000	4,168	24,168
2017	25,000	4,001	29,001
2018-2022	200,000	16,338	216,338
2023-2027	320,000	7,335	327,335
2028	80,000	-	80,000
Total	\$ 690,000	45,045	735,045

* Annual interest payments are estimated since the interest rate on this loan varies (the interest rate at June 30, 2012 is approximately .47% per annum).

Note Receivable to City

On September 7, 2007, the City entered into a \$750,000 leverage loan agreement with TC-Council Bluffs QEI, LLC, a Delaware limited liability company (obligor) for investment through NDC New Markets Investments XXVIII, L.P. for 117 Pearl Street, LLC, qualifying as a QALICB under section 45D of the Internal Revenue Code. The purpose of the agreement was to loan the HUD loan proceeds to assist with the redevelopment of the former NonPareil building in conjunction with the Pottawattamie County Development Corporation and J Development. The Section 108 funds were loaned through NDC New Markets Investments XXVIII, L.P. to accommodate the infusion of new market tax credits. The loan to the obligor is evidenced by a promissory note to the City with a variable interest rate equal to 20 basis points (0.2%) above the applicable London Interbank Offered Rates (LIBOR), adjusted monthly. The note is secured by an assignment and pledge for security purposes of the partnership interests of all the obligor's interest in NDC New Markets Investments XXVIII, L.P.

Principal on this note receivable is fully due and payable to the City no later than June 1, 2015. Prior to that date, the obligor shall make quarterly payments of accrued interest only, commencing on September 1, 2007 and continuing until June 1, 2015. During the year ended June 30, 2012, \$4,192 of interest was paid to the City on the note.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Nonmajor	General	\$ 977,002
Bass Pro Shop	Special Revenue:	
	Tax Increment Financing	787,548
City Local Option Sales Tax	Capital Projects	774,049
Debt Service	Special Revenue:	
	Tax Increment Financing	503,646
	City Local Option Sales Tax	2,142,902
		2,646,548
Capital Projects	General	302,874
	Special Revenue:	
	City Local Option Sales Tax	1,852,910
	Tax Increment Financing	13,532
	Nonmajor	3,555,626
		5,724,942
Enterprise:	Special Revenue:	
Sewer	Tax Increment Financing	42,639
Total		\$ 10,952,728

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move tax increment financing revenues from the Special Revenue, Tax Increment Financing Fund to the Special Revenue, Bass Pro Shop Fund to fulfill the City's obligation under an economic development agreement with Bass Pro Outdoor World, L.L.C., 3) transfer funds between the Special Revenue, Local Option Sales Tax Fund and the Capital Projects Fund, 4) move revenue from the General Fund with collection authorization to the Special Revenue, Nonmajor – Road Use Tax Fund for the cost of authorized employee benefits incurred and 5) move Community Development Block Grant (CDBG) revenue from the Special Revenue, CDBG Grant Fund to reimburse the Capital Projects Fund for completed CDBG projects.

During the year ended June 30, 2012, the City made one-time transfers of \$275,000 from the General Fund and \$2,730,000 from the Special Revenue, Nonmajor – Road Use Tax Fund to the Capital Projects Fund to provide partial financing for the public works operations building project.

(7) Interfund Assets/Liabilities

The detail of advances to/from other funds is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Tax Increment Financing	\$ 82,976

The advance to/from other funds resulted from a borrowing of gaming revenues for the payment of debt related to an urban renewal project. The borrowing will be repaid with tax increment financing collections.

The detail of due to/from other funds is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects	\$ 7,250,000
	Enterprise:	
	Sewer	1,500,000
		<u>8,750,000</u>
Special Revenue:		
Road Use Tax	Capital Projects	3,000,000
Total		<u>\$ 11,750,000</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(8) Pension and Retirement Benefits

Iowa Public Employees Retirement System

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of covered salary. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$1,165,078, \$986,219 and \$957,822, respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing multiple-employer defined benefit retirement system administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Des Moines, Iowa 50322.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate may not be less than 24.76% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2012, 2011 and 2010 were \$3,453,811, \$2,722,105 and \$2,335,485, respectively, which met the required minimum contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 441 active and 36 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The General, Special Revenue, Road Use Tax and Enterprise, Sewer and Refuse and Disposal Funds primarily fund OPEB costs.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 427,000
Interest on net OPEB obligation	67,000
Adjustment to annual required contribution	<u>(87,000)</u>
Annual OPEB cost	407,000
Contributions made	<u>(219,000)</u>
Increase in net OPEB obligation	188,000
Net OPEB obligation beginning of year	<u>1,340,000</u>
Net OPEB obligation end of year	<u>\$ 1,528,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the City contributed \$219,000 to the medical plan. Plan members eligible for benefits contributed \$396,000, or 64% of the premium costs.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 419,200	7.3%	\$ 922,700
2011	458,000	8.9%	1,340,000
2012	407,000	53.8%	1,528,000

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$3,800,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,800,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$25,611,000 and the ratio of the UAAL to covered payroll was 14.8%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced by 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual termination probabilities were based on Scale T-3 of the Actuary's Pension Handbook and annual retirement probabilities were based on the MFPSI and IPERS Actuarial valuation reports.

Projected claim costs of the medical plan are \$597 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

(10) Supplemental Pension Plan

Plan Description - The City provides a defined benefit supplemental pension (severance pay) benefit to eligible employees. Currently, all union employees who have completed five years of continuous service with the City and non-union employees who have completed one year of continuous service with the City and who do not voluntarily resign and are not discharged for cause are eligible for this benefit.

There are 445 active members in the plan as of June 30, 2012. The pension benefit is defined in terms of hourly rates of pay by employee, payable in one lump sum upon retirement or termination. The benefit (severance pay) is paid based on the following continuous service requirements:

Years of Service	Amount of Severance	
	40 Hour Schedule	56 Hour Schedule
More than 1, but less than 5	40 hours pay	56 hours pay
More than 5, but less than 10	80 hours pay	112 hours pay
More than 10, but less than 15	120 hours pay	168 hours pay
More than 15	160 hours pay	224 hours pay

Funding Policy – Contribution requirements for the plan are established and may be amended by the City. Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The General, Special Revenue, Road Use Tax and Enterprise, Sewer and Refuse and Disposal Funds are used for funding all the pension benefits. The City makes all the contributions.

Annual Pension Cost and Net Pension Obligation - The City's annual pension cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 27, as amended by GASB Statement No. 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual pension cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the City's net pension obligation:

Annual required contribution	\$ 95,000
Interest on net pension obligation	29,000
Adjustment to annual required contribution	<u>(36,000)</u>
Annual pension cost (expense)	88,000
Pension payments made	<u>(99,000)</u>
Increase in net pension obligation	(11,000)
Net pension obligation beginning of year	<u>588,000</u>
Net pension obligation end of year	<u><u>\$ 577,000</u></u>

For calculation of the net pension obligation, the actuary has set the transition day as July 1, 2008. The end of year net pension obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the City contributed \$99,000 to the pension plan. The City's annual pension cost, the percentage of annual pension cost contributed to the plan and the net pension obligation as of June 30, 2012 are summarized as follows:

Year Ended June 30,	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2010	\$ 331,100	17.8%	\$ 556,600
2011	88,000	75.6%	588,000
2012	88,000	112.5%	577,000

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$744,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$744,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$25,611,000 and the ratio of the UAAL to covered payroll was 2.9%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and employee retirement age. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Supplemental Pension Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the City's funding policy. An inflation rate of 3% is assumed for purposes of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual termination probabilities were based on Scale T-3 of the Actuary's Pension Handbook and annual retirement probabilities were based on the MFPSI and IPERS Actuarial valuation reports.

The salary increase rate, which includes an inflation factor, was assumed to be 3% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

(11) Transit Authority Agreement

The City has contracted for transit service on a regular, scheduled basis over certain routes within the City. The contract provides the City shall pay the net operating cost of service over these routes within the City. During the year ended June 30, 2012, the City paid \$503,291 under this contract.

(12) Pending Litigation and Contingent Liabilities

The City is subject to pending litigation seeking damages. The amount and probability of loss, if any, is not determinable.

(13) Industrial Development Revenue Bonds

The City has issued a total of \$47,780,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the City.

(14) Employee Health Insurance Plan

The Iowa Governmental Health Care Plan was established to account for the partial self funding of the City's health insurance benefit plan. The plan is funded by both employee and City contributions and is administered through a service agreement with Iowa

Governmental Health Care Plan. The agreement is subject to automatic renewal provisions. The City assumes liability for claims up to the deductible of \$2,500/\$5,000 per single/family plan with a maximum out of pocket expense of \$5,000/\$10,000 per single/family plan. The deductible and maximum out of pocket expense for the City is reduced by the deductible amount paid by the employee of \$100/\$300 per single/family plan and employee maximum out of pocket expense of \$1,000/\$2,000 per single/family plan. Claims in excess of deductibles are covered by Iowa Governmental Health Care Plan.

Monthly payments of service fees and plan contributions to the Iowa Governmental Health Care Plan Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Liberty Bank, Council Bluffs, Iowa and Iowa Governmental Health Care Plan administers the plan funds. The City records the plan assets and related liabilities of the health plan in the General Fund. The City's contribution to the plan for the year ended June 30, 2012 was \$6,436,299.

Amounts payable from the Iowa Governmental Health Care Plan at June 30, 2012 total \$150,000, which is for incurred but not reported (IBNR) and reported but not paid claims, which is included in accounts payable in these financial statements. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liabilities for claims for the years ended June 30, 2012 and June 30, 2011 is as follows:

	2012	2011
Unpaid claims as of beginning of year	\$ 150,000	150,000
Incurred claims (including claims incurred but not reported as of June 30)	7,283,924	7,233,083
Payments on claims	(7,283,924)	(7,233,083)
Unpaid claims as of year end	\$ 150,000	150,000

(15) Deficit Fund Balances

The Capital Projects Fund had a deficit fund balance of \$6,134,110 at June 30, 2012. The deficit balance will be eliminated through transfers from other funds.

(16) Construction Commitments

Construction commitments at June 30, 2012 totaled \$6,495,253 which will be paid as work on the projects progresses. These projects will be funded through general obligation notes, grants and local funds on hand.

(17) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance and \$500,000 self-insured retention on liability and auto coverage only and \$500,000 on worker's compensation. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(18) CDBG Installment Loan Escrow Fund

During the year ended June 30, 1977, the City received funding for an individual housing rehabilitation loan program from the U.S. Department of Housing and Urban Development. These funds were subsequently loaned to individuals in the City. The loans receivable and loan payments received from the individuals are accounted for in the Special Revenue, CDBG Grant Fund. The Special Revenue, CDBG Installment Loan Escrow Fund receives a portion of loan payments for payment of property tax and insurance. Active loans during the year ended June 30, 2012 carry an interest rate of 3% per annum and have terms ranging from 10 to 20 years. At June 30, 2012, there were 72 active loans with a total outstanding principal balance of \$705,473, which is included in loans receivable in these financial statements.

(19) Urban Renewal Development Agreements

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$28,902,006. Certain of the agreements include provisions for payment of interest.

During the year ended June 30, 2012, the City rebated \$2,185,464 of incremental property tax to developers, which included \$2,174,222 for principal and \$11,242 for interest. The total cumulative principal amount rebated on the agreements is \$5,956,387. The outstanding balance on the agreements at June 30, 2012 was \$23,203,664.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements not including an annual appropriation clause is subject to the constitutional debt limitation.

(20) Economic Development Agreements

Mid-American Recreation & Convention Complex

On July 24, 2001, the City entered into an agreement with the Council Bluffs Community Betterment Foundation, the Iowa West Foundation (IWF), the Southwest Iowa Foundation and Harvey's Casino Resorts to develop a project known as the Mid-American Recreation & Convention Complex. As part of this agreement, the City has agreed to dedicate certain excess hotel/motel tax receipts, up to a maximum of \$5,000,000, to reimburse the IWF for some of the project costs. Excess hotel/motel tax collections are those remaining after the City has satisfied certain other commitments of these funds. The City's obligation under this agreement will expire at the earliest of December 31, 2015 or when the IWF has been fully reimbursed. During the year ended June 30, 2012, the City paid \$259,829 to the IWF pursuant to this agreement.

Bass Pro Outdoor World, L.L.C.

On October 22, 2004, the City entered into an agreement with Pottawattamie County, the Iowa West Foundation, the Southwest Iowa Foundation and the Council Bluffs Community Betterment Foundation (CBF) to develop an outdoor world retail facility. The project was financed and constructed by the CBF for use and occupancy by Bass Pro Outdoor World, L.L.C., lessee (Bass Lease). As part of this agreement, the City will own and maintain the facility and issued a \$17,000,000 urban renewal revenue capital loan note to reimburse CBF for some of the project costs. As discussed in Note 4, in February 2011, the City issued a \$14,500,000 urban renewal term loan note to retire the \$17,000,000 urban renewal capital loan note. The term loan note is secured in various forms by the development agreement participants. Pursuant to the agreement, the City established a Trust Account through First National Bank of Omaha as trustee. Deposits into this account include all sources of funding securing the note and all lease payments required under the Bass Lease. Funds in the trust account are to be used to pay real estate tax on the property, retire the urban renewal term loan note and pay operating and maintenance expenses related to the facility. This trust account is reported by the City in the Special Revenue, Bass Pro Fund.

During the year ended June 30, 2012, the City transferred \$787,548 into this fund from the Special Revenue, Tax Increment Financing Fund to fulfill part of its obligation under the agreement.

City of Council Bluffs Area Chamber of Commerce

On March 26, 2008, the City entered into an agreement with the City of Council Bluffs Area Chamber of Commerce (Chamber of Commerce). As part of the agreement, the City has agreed to dedicate certain excess hotel/motel tax receipts to the Chamber of Commerce for the purpose of promoting the City as both a convention site and a visitor attraction. The City's obligation under this agreement commenced on July 1, 2008 and terminates on June 30, 2013. Pursuant to the agreement, the City is to pay \$400,000 in the first year of the agreement, with a 7.5% increase in funding in each of the following four years.

During the year ended June 30, 2012, the City paid \$497,000 to the Chamber of Commerce as part of its obligation under the agreement.

(21) Subsequent Event

On November 19, 2012, the City approved the issuance of \$14,880,000 of general obligation bonds to pay the costs of street improvements, repairs to traffic control devices; sidewalk and pedestrian underpass and overpass improvements; extensions and improvements to facilities used for the collection, treatment and disposal of sewage and industrial waste; acquisition and construction of facilities useful for the control and elimination of sources of air, water and noise pollution; acquisition, construction and improvements to waterways and real and personal property damaged by floods or high waters; equipping public safety and public works departments, including ambulances, ambulance equipment and a geographic computer data base system suitable for automated mapping and facilities management; acquisition and improvement to cemetery facilities; rehabilitation and improvement of parks; acquisition and demolition of dilapidated or dangerous buildings and structures; and remediation, restoration, repair and replacement of property, buildings, equipment and public facilities damaged by disaster as defined in Chapter 29C.2 of the Code of Iowa.

City of Council Bluffs

REQUIRED
SUPPLEMENTARY
INFORMATION

City of Council Bluffs

City of Council Bluffs

Budgetary Comparison Schedule
of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual – Governmental Funds and Enterprise Funds

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds Actual	Enterprise Funds Actual	Total Actual
Receipts:			
Property tax	\$ 38,829,292	-	38,829,292
Tax increment financing	4,780,170	-	4,780,170
Other city tax	17,790,350	-	17,790,350
Licenses and permits	3,529,560	-	3,529,560
Use of money and property	829,778	-	829,778
Intergovernmental	25,879,633	-	25,879,633
Charges for service	3,295,521	9,742,699	13,038,220
Special and drainage assessments	295,695	-	295,695
Miscellaneous	12,459,968	754,411	13,214,379
Total receipts	107,689,967	10,497,110	118,187,077
Expenditures/expenses:			
Public safety	28,235,501	-	28,235,501
Public works	5,945,192	-	5,945,192
Health and social services	584,156	-	584,156
Culture and recreation	6,347,573	-	6,347,573
Community and economic development	5,399,216	-	5,399,216
General government	26,036,435	-	26,036,435
Debt service	9,346,212	-	9,346,212
Capital projects	21,841,438	-	21,841,438
Business type activities	-	13,363,487	13,363,487
Total disbursements	103,735,723	13,363,487	117,099,210
Excess (deficiency) of receipts over (under) expenditures/expenses	3,954,244	(2,866,377)	1,087,867
Other financing sources (uses), net	4,161,417	5,448,284	9,609,701
Excess (deficiency) of receipts and other financing sources over (under) expenditures/expenses and other financing uses	8,115,661	2,581,907	10,697,568
Balance beginning of year	37,119,637	130,884,433	168,004,070
Balance end of year	\$ 45,235,298	133,466,340	178,701,638

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Actual
		Variance
39,397,374	39,397,374	(568,082)
5,226,000	5,226,000	(445,830)
20,440,470	20,440,470	(2,650,120)
993,260	1,073,260	2,456,300
443,197	143,197	686,581
8,860,108	20,860,108	5,019,525
15,726,328	15,726,328	(2,688,108)
121,000	241,000	54,695
10,276,500	11,276,500	1,937,879
101,484,237	114,384,237	3,802,840
28,960,485	28,960,485	724,984
7,871,001	7,871,001	1,925,809
621,540	621,540	37,384
6,407,219	6,407,219	59,646
6,410,396	7,610,396	2,211,180
10,389,124	28,389,124	2,352,689
8,579,576	12,229,576	2,883,364
33,360,000	33,360,000	11,518,562
10,371,749	10,371,749	(2,991,738)
112,971,090	135,821,090	18,721,880
(11,486,853)	(21,436,853)	22,524,720
10,500,000	14,150,000	(4,540,299)
(986,853)	(7,286,853)	17,984,421
33,660,680	30,146,182	137,857,888
32,673,827	22,859,329	155,842,309

City of Council Bluffs

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2012

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds except Agency Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The City's budget is prepared on a GAAP basis.

Formal and legal budgetary control is based upon nine major classes of expenditures/expenses known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function expenditures/expenses required to be budgeted include expenditures/expenses for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function expenditures/expenses by fund, the legal level of control is at the aggregated functions level, not by fund. During the year, one budget amendment increased budgeted expenditures by \$22,850,000. This budget amendment is reflected in the final budget amounts.

During the year ended June 30, 2012, expenses in the business type activities function exceeded the amount budgeted.

City of Council Bluffs

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
2009	Jul 1, 2008	-	\$ 5,177	5,177	0.00%	\$ 23,160	22.4%
2010	Jul 1, 2009	-	3,543	3,543	0.00%	27,837	12.7%
2011	Jul 1, 2009	-	4,073	4,073	0.00%	25,794	15.8%
2012	Jul 1, 2011	-	3,800	3,800	0.00%	25,611	14.8%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

City of Council Bluffs

Schedule of Funding Progress for the
Supplemental Pension Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	Jul 1, 2008	-	\$ 5,859	\$ 5,859	0.00%	\$ 23,160	25.3%
2010	Jul 1, 2008	-	5,859	5,859	0.00%	27,837	21.0%
2011	Jul 1, 2010	-	744	744	0.00%	25,794	2.9%
2012	Jul 1, 2010	-	744	744	0.00%	25,611	2.9%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost, net pension obligation, funded status and funding progress.

See accompanying independent auditor's report.

City of Council Bluffs

Schedule of Employer Contributions for the
Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contribution
2010	\$ 411,400	\$ 30,500	7.4%
2011	465,000	40,700	8.8%
2012	427,000	219,000	51.3%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost, net pension obligation, funded status and funding progress.

See accompanying independent auditor's report.

City of Council Bluffs

Schedule of Employer Contributions for the
Supplemental Pension Plan

Required Supplementary Information

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contribution
2010	\$ 337,200	\$ 58,800	17.4%
2011	95,000	66,600	70.0%
2012	95,000	99,000	104.2%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual pension cost, net pension obligation, funded status and funding progress.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for specific revenues legally restricted to expenditure for particular purposes.

The Road Use Tax Fund accounts for the operation of street maintenance. Financing is provided by the City's share of state gasoline taxes received on a per capita basis.

The CDBG Grant Fund accounts for community development grant and other resources to provide resources to community based organizations for program and administrative costs. Funding is provided by federal community development block grants and a portion of the recurring monthly payments from property owners in the program.

The HOME Program Fund accounts for loans made to participants in the community home loan program. Ongoing funding for this program is provided by recurring monthly payments of principal and interest from property owners in the program.

The CDBG Installment Loan Escrow Fund accounts for costs of property insurance and property taxes on residential properties financed by the community home loan program. Funding for these expenses is provided by a portion of the recurring monthly payments from property owners in the program.

The Mosquito Creek #22 Fund accounts for costs of maintenance and operations in the Mosquito Creek drainage district. Funding is provided from assessments to the property owners in the district.

The Sieck #32 Fund accounts for costs of maintenance and operations in the Sieck drainage district. Funding is provided from assessments to the property owners in the district.

The West Lewis #35 Fund accounts for costs of maintenance and operations in the West Lewis drainage district. Funding is provided from assessments to the property owners in the district.

The Lake Manawha SSMID Fund accounts for the maintenance and repair operations of the Lake Manawa special improvement district, a retail and commercial area. Funding is provided by assessments to property owners within the district.

The Library Memorial and Gifts Fund accounts for supplemental costs of operations and acquisitions of materials for the Council Bluffs Public Library. Financing for the fund is provided by gifts and memorials from private citizens and organizations.

Nonmajor Permanent Fund

Permanent Funds are used to report resources legally restricted to the extent only earnings, and not principal, may be used for purposes to support the City's programs.

The Fairview Cemetery Perpetual Care Fund accounts for funds received and held for improvements to the Fairview Cemetery.

City of Council Bluffs
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012

	Special Revenue				
	CDBG				
	Road	CDBG	HOME	Installment	Mosquito
	Use Tax	Grant	Program	Loan	Creek
				Escrow	#22
Assets					
Cash and pooled investments	\$ 467,770	19,968	184,700	14,095	155,572
Receivables:					
Accounts	2,739	-	2,000	1,601	-
Special and drainage assessments	-	-	-	-	71,395
Loans	-	705,473	-	-	-
Due from other funds	3,000,000	-	-	-	-
Due from other governments	438,605	228,340	-	-	-
Inventories	1,062,004	-	-	-	-
Total assets	\$ 4,971,118	953,781	186,700	15,696	226,967
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 129,084	39,193	-	6,743	-
Salaries and benefits payable	50,953	6,048	-	-	154
Due to other governments	-	15,692	-	-	-
Deferred revenue	-	228,340	-	-	71,032
Total liabilities	180,037	289,273	-	6,743	71,186
Fund balances:					
Nonspendable:					
Cemetery perpetual care	-	-	-	-	-
Inventories	1,062,004	-	-	-	-
Restricted for:					
Street and sewer maintenance and improvements	3,729,077	-	-	-	-
Community development block grant purposes	-	664,508	-	-	-
Other purposes	-	-	186,700	8,953	155,781
Total fund balances	4,791,081	664,508	186,700	8,953	155,781
Total liabilities and fund balances	\$ 4,971,118	953,781	186,700	15,696	226,967

See accompanying independent auditor's report.

Drainage Districts					Permanent Fairview Cemetery Perpetual Care	Total
Sieck #32	West Lewis #35	Lake Manawa SSMID	Library Memorials and Gifts	Total		
155,372	204,913	70,146	279,980	1,552,516	59,920	1,612,436
-	-	-	10	6,350	-	6,350
36,094	64,383	-	-	171,872	-	171,872
-	-	-	-	705,473	-	705,473
-	-	-	-	3,000,000	-	3,000,000
-	-	-	-	666,945	-	666,945
-	-	-	-	1,062,004	-	1,062,004
191,466	269,296	70,146	279,990	7,165,160	59,920	7,225,080
2,285	-	-	8,100	185,405	-	185,405
154	154	-	-	57,463	-	57,463
-	-	-	-	15,692	-	15,692
35,409	60,140	-	-	394,921	-	394,921
37,848	60,294	-	8,100	653,481	-	653,481
-	-	-	-	-	59,920	59,920
-	-	-	-	1,062,004	-	1,062,004
-	-	-	-	3,729,077	-	3,729,077
-	-	-	-	664,508	-	664,508
153,618	209,002	70,146	271,890	1,056,090	-	1,056,090
153,618	209,002	70,146	271,890	6,511,679	59,920	6,571,599
191,466	269,296	70,146	279,990	7,165,160	59,920	7,225,080

City of Council Bluffs

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2012

				CDBG Installment Loan Escrow	Mosquito Creek # 22
	Road Use Tax	CDBG Grant	HOME Program		
Revenues:					
Licenses and permits	\$ 36,728	-	-	-	-
Use of money and property	4,000	-	-	-	-
Intergovernmental	5,859,365	678,004	292,877	-	-
Charges for service	1,307	2,459	-	-	-
Special and drainage assessments	27	-	-	-	72,113
Miscellaneous	4,318	189	46,000	22,366	-
Total revenues	5,905,745	680,652	338,877	22,366	72,113
Expenditures:					
Operating:					
Public safety		-	-	-	37,864
Public works	4,480,024	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	696,806	294,877	30,074	-
General government	1,201,118	-	-	-	-
Total expenditures	5,681,142	696,806	294,877	30,074	37,864
Excess (deficiency) of revenues over (under) expenditures	224,603	(16,154)	44,000	(7,708)	34,249
Other financing sources (uses):					
Operating transfers in	977,002	-	-	-	-
Operating transfers out	(2,730,000)	(825,626)	-	-	-
Total other financing sources (uses)	(1,752,998)	(825,626)	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,528,395)	(841,780)	44,000	(7,708)	34,249
Fund balances beginning of year	6,319,476	1,506,288	142,700	16,661	121,532
Fund balances end of year	\$ 4,791,081	664,508	186,700	8,953	155,781

See accompanying independent auditor's report.

Special Revenue						Permanent	
Drainage Districts						Fairview Cemetery Perpetual Care	Total
Sieck #32	West Lewis #35	Lake Manawa SSMID	Library Memorials and Gifts	Dodge Soldiers' Investment	Total		
-	-	-	-	-	36,728	-	36,728
-	-	-	-	-	4,000	-	4,000
-	-	-	-	-	6,830,246	-	6,830,246
-	-	-	-	-	3,766	-	3,766
37,383	66,172	120,000	-	-	295,695	-	295,695
-	-	-	128,523	-	201,396	-	201,396
37,383	66,172	120,000	128,523	-	7,371,831	-	7,371,831
31,390	21,343	-	-	-	90,597	-	90,597
-	-	-	-	-	4,480,024	-	4,480,024
-	-	-	61,487	-	61,487	-	61,487
-	-	91,482	-	-	1,113,239	-	1,113,239
-	-	-	-	138,932	1,340,050	-	1,340,050
31,390	21,343	91,482	61,487	138,932	7,085,397	-	7,085,397
5,993	44,829	28,518	67,036	(138,932)	286,434	-	286,434
-	-	-	-	-	977,002	-	977,002
-	-	-	-	-	(3,555,626)	-	(3,555,626)
-	-	-	-	-	(2,578,624)	-	(2,578,624)
5,993	44,829	28,518	67,036	(138,932)	(2,292,190)	-	(2,292,190)
147,625	164,173	41,628	204,854	138,932	8,803,869	59,920	8,863,789
153,618	209,002	70,146	271,890	-	6,511,679	59,920	6,571,599

City of Council Bluffs

COMBINING FINANCIAL STATEMENTS

Agency Funds

Agency Funds account for the receipt and disbursement of various resources collected by the City, acting in the capacity of an agent, for distribution to other governmental units or organizations.

The Section 8 Fund accounts for payroll costs of the Municipal Housing Authority for persons associated with Section 8 housing. These costs are financed by reimbursements from the Municipal Housing Authority.

The Municipal Housing Agency Fund accounts for payroll costs of the Municipal Housing Authority for persons associated with municipal housing authority operations. These costs are financed by reimbursements from the Municipal Housing Authority.

City of Council Bluffs
Combining Schedule of Fiduciary Net Assets
Agency Funds

June 30, 2012

	Section 8	Municipal Housing Agency	Total
Assets			
Cash and pooled investments	\$ 20,408	-	20,408
Due from other governments	21,731	29,918	51,649
	<u>\$ 42,139</u>	<u>29,918</u>	<u>72,057</u>
Liabilities			
Due to other governments	\$ 10,179	29,918	40,097
Trusts payable	31,960	-	31,960
Total liabilities	<u>\$ 42,139</u>	<u>29,918</u>	<u>72,057</u>

See accompanying independent auditor's report.

City of Council Bluffs

Combining Schedule of Changes in Assets and Liabilities
Agency Funds

Year ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
Section 8:				
Assets:				
Cash and pooled investments	\$ 86	20,408	86	20,408
Due from other governments	14,864	21,731	14,864	21,731
Total assets	<u>\$ 14,950</u>	<u>42,139</u>	<u>14,950</u>	<u>42,139</u>
Liabilities:				
Due to other governments	\$ -	10,179	-	10,179
Trusts payable	14,950	31,960	14,950	31,960
Total liabilities	<u>\$ 14,950</u>	<u>42,139</u>	<u>14,950</u>	<u>42,139</u>
Municipal Housing:				
Assets:				
Due from other governments	\$ 25,345	29,918	25,345	29,918
Liabilities:				
Due to other governments	\$ 8,433	29,918	8,433	29,918
Trusts payable	16,912	-	16,912	-
Total liabilities	<u>\$ 25,345</u>	<u>29,918</u>	<u>25,345</u>	<u>29,918</u>
Total:				
Assets:				
Cash and pooled investments	\$ 86	20,408	86	20,408
Due from other governments	40,209	51,649	40,209	51,649
Total assets	<u>\$ 40,295</u>	<u>72,057</u>	<u>40,295</u>	<u>72,057</u>
Liabilities:				
Due to other governments	\$ 8,433	40,097	8,433	40,097
Trusts payable	31,862	31,960	31,862	31,960
Total liabilities	<u>\$ 40,295</u>	<u>72,057</u>	<u>40,295</u>	<u>72,057</u>

See accompanying independent auditor's report.

City of Council Bluffs

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Funds

For the Last Ten Years

	2012	2011	2010	2009
Revenues:				
Property tax	\$ 38,829,292	37,867,393	37,103,962	33,308,384
Tax increment financing	4,780,170	6,059,684	3,222,809	4,983,734
Other city tax	17,790,350	17,937,503	15,726,929	13,203,713
Licenses and permits	3,529,560	3,289,876	3,199,381	3,345,559
Use of money and property	829,778	922,502	968,615	1,422,391
Intergovernmental	25,879,633	20,417,261	13,957,826	10,693,866
Charges for service	3,295,521	3,561,999	3,543,339	3,827,025
Special and drainage assessments	295,695	161,225	341,278	220,241
Miscellaneous	12,459,968	6,059,423	7,399,559	6,319,096
Total	\$ 107,689,967	96,276,866	85,463,698	77,324,009
Expenditures:				
Operating:				
Public safety	\$ 28,235,501	27,054,108	25,267,311	24,800,095
Public works	5,945,192	7,116,807	6,354,312	6,974,369
Health and social services	584,156	544,420	524,986	515,800
Culture and recreation	6,347,573	6,188,577	6,029,643	7,180,312
Community and economic development	5,399,216	5,525,461	4,346,981	5,181,333
General government	26,036,435	13,862,324	10,022,944	9,146,234
Debt service	9,346,212	9,471,774	12,631,833	12,147,426
Capital projects	21,841,438	33,015,979	29,890,156	19,216,601
Total	\$ 103,735,723	102,779,450	95,068,166	85,162,170

See accompanying independent auditor's report.

Modified Accrual Basis					
2008	2007	2006	2005	2004	2003
31,830,399	30,233,157	28,381,903	26,346,058	24,963,919	23,656,726
3,548,580	1,384,337	1,230,247	902,756	794,607	970,564
13,325,303	11,720,071	11,413,261	12,687,008	12,023,106	10,537,000
3,455,394	3,510,264	1,051,748	1,176,222	982,507	898,554
1,795,827	2,073,470	1,624,075	818,897	388,327	743,139
16,273,844	12,020,294	12,479,002	12,739,275	12,374,149	12,591,692
3,298,632	3,317,768	3,818,793	3,284,574	3,145,863	3,352,793
210,925	203,542	111,622	1,034	1,374	1,789
7,756,828	10,863,550	11,684,492	6,591,318	4,401,510	10,421,653
81,495,732	75,326,453	71,795,143	64,547,142	59,075,362	63,173,910
24,185,898	24,010,444	23,582,483	22,882,165	21,331,574	20,553,454
7,113,721	6,826,252	8,313,984	9,706,538	10,796,327	7,063,654
503,210	488,102	508,110	1,196,578	1,429,313	1,212,027
5,685,981	5,349,274	5,219,482	4,602,801	4,629,009	5,541,315
4,144,240	3,481,043	22,419,715	5,027,689	2,914,913	2,732,121
9,620,991	9,426,637	5,298,251	4,967,337	5,375,981	4,323,001
11,777,883	11,006,109	9,834,396	15,304,432	7,889,109	10,535,859
21,197,403	21,149,556	18,272,003	12,150,551	8,498,096	20,248,881
84,229,327	81,737,417	93,448,424	75,838,091	62,864,322	72,210,312

City of Council Bluffs

STATISTICAL SECTION

City of Council Bluffs

Statistical Section

Table of Contents

This part of the City of Council Bluffs' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Schedule</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	5-9
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10-14
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	15-16
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	17-19

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

City of Council Bluffs

Net Assets by Component
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2003*	2004*	2005**	2006
Governmental Activities				
Invested in capital assets, net of related debt	\$ 62,629,175	132,289,727	139,458,058	159,110,952
Restricted	11,920,411	12,108,559	12,231,403	12,939,617
Unrestricted	5,408,613	6,020,750	6,383,483	3,175,451
Total governmental activities net assets	\$ 79,958,199	150,419,036	158,072,944	175,226,020
Business-type activities				
Invested in capital assets, net of related debt	\$ 59,608,846	72,636,253	75,903,874	88,862,559
Unrestricted	5,476,619	4,590,413	4,259,157	5,325,013
Total business-type activities net assets	\$ 65,085,465	77,226,666	80,163,031	94,187,572
Primary government				
Invested in capital assets, net of related debt	\$ 122,238,021	204,925,980	215,361,932	247,973,511
Restricted	11,920,411	12,108,559	12,231,403	12,939,617
Unrestricted	10,885,232	10,611,163	10,642,640	8,500,464
Total primary government net assets	\$ 145,043,664	227,645,702	238,235,975	269,413,592

Note:

During fiscal year 2003, the City implemented Governmental Accounting Standards Board Statement (GASB) No. 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments and Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments: Omnibus.

* Fiscal year 2003 and 2004 amounts reported include a prior period adjustment made in 2004 and 2005, respectively, to correct the valuation of and reporting for certain capital assets.

** Fiscal year 2005 amounts reported include prior period adjustments made in 2006 to correct the valuation of and reporting for certain capital assets and debt.

*** Fiscal year 2009 amounts reported include prior period adjustments made in 2010 to reflect the effect of implementation of GASB Statement No. 51 for intangible assets and to reclassify local option sales tax activity.

Fiscal Year					
2007	2008	2009***	2010	2011	2012
173,378,490	191,101,228	212,224,136	219,535,725	231,096,351	239,751,252
17,765,773	18,082,904	21,301,756	23,003,392	30,061,361	35,772,486
758,509	(4,506,740)	(4,916,787)	(263,805)	(10,787,191)	(7,121,573)
191,902,772	204,677,392	228,609,105	242,275,312	250,370,521	268,402,165
99,533,684	101,199,118	107,488,837	118,755,228	128,435,537	131,806,236
4,146,969	6,804,540	9,469,103	5,261,436	2,448,896	1,660,104
103,680,653	108,003,658	116,957,940	124,016,664	130,884,433	133,466,340
272,912,174	292,300,346	319,712,973	338,290,953	359,531,888	371,557,488
17,765,773	18,082,904	21,301,756	23,003,392	30,061,361	35,772,486
4,905,478	2,297,800	4,552,316	4,997,631	(8,338,295)	(5,461,469)
295,583,425	312,681,050	345,567,045	366,291,976	381,254,954	401,868,505

City of Council Bluffs

Changes in Net Assets
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2003	2004	2005	2006
Expenses				
Governmental activities:				
Public safety	\$ 21,542,479	21,798,898	22,792,665	23,367,537
Public works	11,953,260	10,280,196	11,435,866	12,179,474
Health and social services	1,270,429	1,068,002	1,195,682	497,478
Culture and recreation	4,695,620	3,860,420	7,152,050	6,407,003
Community and economic development	3,883,871	2,596,923	5,894,143	14,411,811
General government	4,474,883	3,324,701	6,200,773	6,346,367
Non-program	1,821,664	-	-	-
Interest on long term debt	2,738,539	2,539,452	2,498,456	2,857,508
Total governmental activities expenses	52,380,745	45,468,592	57,169,635	66,067,178
Business-type activities:				
Sewer system and sewage disposal	6,166,516	5,568,417	6,013,604	6,608,528
Refuse and disposal	2,751,388	3,107,329	3,287,588	3,329,798
Other	-	-	-	-
Total business type activities expenses	8,917,904	8,675,746	9,301,192	9,938,326
Total primary government expenses	\$ 61,298,649	54,144,338	66,470,827	76,005,504
Program revenues				
Governmental activities:				
Charges for service:				
Public safety	\$ 2,294,545	2,384,158	2,442,490	3,432,067
Public works	67,378	538,464	766,126	439,964
Health and social services	175,742	213,718	174,939	21,127
Culture and recreation	1,439,489	1,270,990	1,371,588	1,412,165
Community and economic development	149,154	149,325	231,229	421,634
General government	3,046,015	2,690,449	2,535,926	2,149,103
Interest on long term debt	-	-	85,327	-
Operating grants and contributions	8,639,826	8,383,880	9,049,800	11,882,076
Capital grants and contributions	10,625,719	72,109,552	8,119,602	31,289,080
Total governmental activities program revenues	26,437,868	87,740,536	24,777,027	51,047,216
Business type activities:				
Charges for service:				
Sanitary sewer	5,042,309	4,811,661	5,021,719	5,447,587
Refuse and disposal	2,470,443	2,893,281	3,287,687	3,296,649
Other	-	-	-	-
Operating grants and contributions	83,443	65,089	219,770	163,922
Capital grants and contributions	1,370,816	3,430,090	661,474	4,318,634
Total business type activities program revenues	8,967,011	11,200,121	9,190,650	13,226,792
Total primary government program revenues	\$ 35,404,879	98,940,657	33,967,677	64,274,008
Net (Expense)/Revenue				
Governmental activities	\$(25,942,877)	42,271,944	(32,392,608)	(15,019,962)
Business type activities	49,107	2,524,375	(110,542)	3,288,466
Total primary government net expense	\$(25,893,770)	44,796,319	(32,503,150)	(11,731,496)

Fiscal Year					
2007	2008	2009	2010	2011	2012
24,790,690	23,825,855	25,796,311	26,540,090	28,501,970	28,913,039
9,946,764	13,486,989	11,071,569	11,298,900	12,492,324	12,088,663
471,757	561,859	563,295	550,421	573,385	516,001
6,718,057	7,748,286	9,504,036	8,348,868	11,915,556	8,733,154
5,907,016	7,531,592	7,514,563	6,801,616	7,816,996	7,809,473
10,385,104	10,914,762	10,555,074	10,959,589	14,435,524	26,117,159
-	-	-	-	-	-
3,061,451	3,110,714	2,611,834	2,158,068	2,119,475	2,057,277
61,280,839	67,180,057	67,616,682	66,657,552	77,855,230	86,234,766
7,019,179	7,220,114	8,560,437	7,231,802	8,325,469	8,468,164
3,481,343	3,742,452	4,386,055	4,518,258	4,652,239	4,895,323
-	-	2,500	67,195	-	-
10,500,522	10,962,566	12,948,992	11,817,255	12,977,708	13,363,487
71,781,361	78,142,623	80,565,674	78,474,807	90,832,938	99,598,253
3,520,866	3,586,990	3,059,464	4,320,041	3,783,890	3,911,323
661,459	726,469	927,074	467,447	432,461	259,818
36,552	154,897	51,734	106,412	75,729	106,368
1,309,207	1,324,002	1,467,869	1,525,874	1,366,821	1,176,034
1,148,270	852,390	853,071	797,523	816,575	785,428
3,492,144	3,616,649	3,448,875	3,575,089	2,888,110	3,686,329
-	-	-	108,432	-	-
10,062,512	11,214,539	11,473,259	10,296,448	12,021,377	22,012,492
16,089,488	9,544,137	22,074,207	10,812,521	10,968,177	11,925,631
36,320,498	31,020,073	43,355,553	32,009,787	32,353,140	43,863,423
5,415,260	5,505,772	5,292,190	5,452,663	5,290,548	5,033,254
3,458,983	3,590,140	4,595,669	4,654,118	5,211,310	5,458,948
-	-	28,216	41,479	-	-
80,102	144,871	369,002	247,134	33,257	-
2,547,231	-	2,732,966	-	369,760	750,000
11,501,576	9,240,783	13,018,043	10,395,394	10,904,875	11,242,202
47,822,074	40,260,856	56,373,596	42,405,181	43,258,015	55,105,625
(24,960,341)	(36,159,984)	(24,261,129)	(34,647,765)	(45,502,090)	(42,371,343)
1,001,054	(1,721,783)	69,051	(1,421,861)	(2,072,833)	(2,121,285)
(23,959,287)	(37,881,767)	(24,192,078)	(36,069,626)	(47,574,923)	(44,492,628)

City of Council Bluffs

Changes in Net Assets
For the Last Ten Fiscal Years
(Accrual Basis of Accounting)
(continued)

	2003*	2004*	2005**	2006
General revenue and other changes in net assets				
Governmental activities:				
Property tax levied for general purposes	\$ 20,302,008	19,663,475	21,105,126	22,497,883
Property tax levied for debt service	5,519,582	5,797,342	5,698,312	5,783,551
Tax increment financing	970,564	794,607	902,756	1,230,247
Local option sales tax	1,846,132	2,815,048	2,909,653	1,435,178
Other city tax	6,668,979	8,716,980	9,305,109	9,978,083
Unrestricted investment earnings	299,715	198,245	478,686	796,565
Miscellaneous	1,269,815	1,963,644	1,847,941	869,830
Gain on disposition of capital assets	511,229	-	-	-
Transfers	(474,732)	(2,081,606)	3,089,805	(1,777,675)
Total governmental activities	36,913,292	37,867,735	45,337,388	40,813,662
Business type activities:				
Local option sales tax	4,387,397	3,711,052	4,116,833	6,810,075
Unrestricted investment earnings	-	-	-	-
Miscellaneous	891,722	627,339	194,729	-
Gain (loss) on sale of assets	-	(810,216)	-	1,226
Transfers	474,732	2,081,606	(3,089,805)	1,777,675
Total business type activities	5,753,851	5,609,781	1,221,757	8,588,976
Total primary government	\$ 42,667,143	43,477,516	46,559,145	49,402,638
Changes in Net Assets				
Governmental activities	\$ 10,970,415	80,139,679	12,944,780	25,793,700
Business type activities	5,802,958	8,134,156	1,111,215	11,877,442
Total primary government	\$ 16,773,373	88,273,835	14,055,995	37,671,142

Note:

During fiscal year 2003, the City implemented Governmental Accounting Standards Board Statement (GASB) No. 34, Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments and Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments: Omnibus.

* Fiscal year 2003 and 2004 amounts reported include a prior period adjustment made in 2004 and 2005, respectively, to correct the valuation of and reporting for certain capital assets.

** Fiscal year 2005 amounts reported include prior period adjustments made in 2006 to correct the valuation of and reporting for certain capital assets and debt.

*** Fiscal year 2009 amounts reported include prior period adjustments made in 2010 to reflect the effect of implementation of GASB Statement No. 51 for intangible assets and to reclassify local option sales tax activity.

2007	2008	2009***	2010	2011	2012
24,034,452	25,273,906	26,464,281	29,870,765	30,867,270	32,146,836
6,220,880	6,584,767	6,804,838	7,210,156	7,006,599	6,706,224
1,384,337	3,548,580	4,983,734	3,223,820	6,058,673	4,780,377
2,032,485	3,814,009	3,540,379	7,024,557	8,589,061	8,410,893
9,661,386	9,537,314	9,637,154	8,722,784	9,482,911	9,921,571
1,256,656	771,465	733,812	341,243	279,466	168,082
114,552	58,645	132,778	91,724	116,206	2,967,288
105,709	26,093	-	-	-	-
(3,173,334)	(680,175)	(4,104,134)	(11,320,521)	(8,802,887)	(4,698,284)
41,637,123	48,934,604	48,192,842	45,164,528	53,597,299	60,402,987
5,252,871	3,492,325	4,646,303	-	-	-
32,822	66,324	49,787	1,423	180	-
33,000	133,170	82,562	85,790	10,397	2,355
-	1,672,794	2,445	-	127,138	2,553
3,173,334	680,175	4,104,134	11,320,521	8,802,887	4,698,284
8,492,027	6,044,788	8,885,231	11,407,734	8,940,602	4,703,192
50,129,150	54,979,392	57,078,073	56,572,262	62,537,901	65,106,179
16,676,782	12,774,620	23,931,713	10,516,763	8,095,209	18,031,644
9,493,081	4,323,005	8,954,282	9,985,873	6,867,769	2,581,907
26,169,863	17,097,625	32,885,995	20,502,636	14,962,978	20,613,551

City of Council Bluffs

Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal				
	2003	2004	2005	2006	2007
General fund					
Unreserved	\$ 4,709,039	453,426	1,816,004	2,216,550	2,561,128
Reserved	420,844	4,497,598	3,712,845	5,508,843	7,553,502
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	\$ 5,129,883	4,951,024	5,528,849	7,725,393	10,114,630
All other government funds					
Reserved	\$ 3,012,170	3,394,573	2,056,696	1,857,415	13,790,062
Unreserved, reported in:					
Special revenue funds	8,033,558	5,738,200	5,708,205	6,951,890	7,325,141
Debt service funds	-	-	-	-	-
Capital project funds	7,560,217	6,893,818	10,212,432	9,122,810	2,775,806
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other government funds	\$18,605,945	16,026,591	17,977,333	17,932,115	23,891,009

Year				
2008	2009	2010	2011	2012
2,536,773	2,543,090	2,727,002	-	-
8,538,408	7,710,769	12,639,788	-	-
-	-	-	2,814,123	1,814,002
-	-	-	7,125,557	8,976,226
-	-	-	10,859,733	13,158,934
11,075,181	10,253,859	15,366,790	20,799,413	23,949,162
17,843,931	13,998,654	6,662,488	-	-
11,734,490	15,814,057	17,211,816	-	-
-	-	(271,325)	-	-
665,266	1,640,977	(3,673,134)	-	-
-	-	-	1,189,228	1,121,924
-	-	-	23,406,432	26,298,322
-	-	-	(8,275,436)	(6,134,110)
30,243,687	31,453,688	19,929,845	16,320,224	21,286,136

City of Council Bluffs

Changes in Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007
Revenues:					
Property tax	\$ 23,656,726	24,963,919	26,346,058	28,381,903	30,233,157
Tax increment financing	970,564	794,607	902,756	1,230,247	1,384,337
Other taxes	10,537,000	12,023,106	12,687,008	11,413,261	11,720,071
Licenses and permits	1,080,268	982,507	1,176,222	1,051,748	3,510,264
Use of money and property	559,049	388,327	818,897	1,624,075	2,073,470
Intergovernmental	6,509,600	12,374,149	12,739,275	12,479,002	12,020,294
Charges for service	3,352,793	3,145,863	3,284,574	3,819,763	3,317,768
Special and drainage assessments	6,086,257	1,374	1,034	111,622	203,542
Miscellaneous	10,421,653	4,401,510	6,591,318	11,684,092	10,863,550
Total revenue	63,173,910	59,075,362	64,547,142	71,795,713	75,326,453
Expenditures:					
Current:					
Public safety	20,553,454	21,331,574	22,882,165	23,582,483	24,010,444
Public works	7,063,654	10,796,327	9,706,538	8,313,984	6,826,252
Health and social services	1,212,027	1,429,313	1,196,578	508,110	488,102
Culture and recreation	5,541,315	4,629,009	4,602,801	5,219,482	5,349,274
Community and economic development	2,732,121	2,914,913	5,027,689	22,419,715	3,481,043
General government	4,618,980	5,375,981	4,967,337	5,298,251	9,426,637
Debt service					
Principal	7,823,264	5,345,875	12,802,500	6,955,077	7,793,266
Interest and fees	2,676,168	2,497,401	2,450,482	2,814,874	3,199,372
Debt related expense	36,427	45,833	51,450	64,445	13,471
Capital projects	20,248,881	8,498,096	12,150,551	18,272,003	21,149,556
Total expenditures	72,506,291	62,864,322	75,838,091	93,448,424	81,737,417
Excess (deficit) of revenue over (under) expenditures	(9,332,381)	(3,788,960)	(11,290,949)	(21,652,711)	(6,410,964)
Other financing sources (uses)					
General obligation bonds issued	5,620,000	4,500,000	10,655,000	8,220,000	11,115,000
General obligation capital loan notes issued	-	-	-	-	-
Premium (discount) on general obligation bonds/notes issued	(28,006)	-	-	46,214	139,475
Urban renewal note issued	-	-	-	17,000,000	-
HUD loan proceeds	-	-	-	-	-
Sale of capital assets	731,180	-	26,826	-	197,372
Capital lease purchase agreement	-	-	83,936	-	107,353
General obligation bonds/notes refunded	-	-	-	(3,825,000)	-
Urban renewal revenue note redeemed	-	-	-	-	-
Operating transfers in	13,882,565	12,161,797	20,632,796	15,510,709	18,125,900
Operating transfers out	(14,357,297)	(14,243,403)	(17,579,042)	(13,147,886)	(14,926,005)
Total other financing sources (uses)	5,848,442	2,418,394	13,819,516	23,804,037	14,759,095
Net change in fund balances	\$ (3,483,939)	(1,370,566)	2,528,567	2,151,326	8,348,131
Debt service as a percentage of noncapital expenditures	19.7%	17.9%	24.7%	14.1%	16.7%

2008	2009	2010	2011	2012
31,830,399	33,308,384	37,103,962	37,867,393	38,829,292
3,548,580	4,983,734	3,222,809	6,059,684	4,780,170
13,325,303	13,203,713	15,726,929	17,937,503	17,790,350
3,455,394	3,345,559	3,199,381	3,289,876	3,529,560
1,795,827	1,422,391	968,615	922,602	829,778
16,273,844	10,693,866	13,332,409	20,417,261	25,879,633
3,298,632	3,827,025	3,543,339	3,561,999	3,295,521
210,925	220,241	341,278	161,225	295,695
7,756,828	6,319,096	7,399,559	6,059,423	12,459,968
81,495,732	77,324,009	\$ 84,838,281	96,276,966	107,689,967
24,185,898	24,800,095	25,267,311	27,054,108	28,235,501
7,113,721	6,974,369	6,354,312	7,116,807	5,945,192
503,210	515,800	524,986	544,420	584,156
5,685,981	7,180,312	6,029,643	6,188,577	6,347,573
4,144,240	5,181,333	4,346,981	5,525,461	5,399,216
9,620,991	9,146,234	10,022,944	13,862,324	26,036,435
8,587,544	9,518,793	10,374,393	7,354,755	7,161,667
3,185,539	2,604,476	2,171,805	2,077,776	2,063,224
4,800	24,157	85,635	39,243	121,321
21,197,403	19,216,601	29,890,156	33,015,979	21,841,438
84,229,327	85,162,170	\$ 95,068,166	102,779,450	103,735,723
(2,733,595)	(7,838,161)	(10,229,885)	(6,502,484)	3,954,244
7,615,000	9,600,000	3,685,000	7,300,000	3,165,000
-	-	-	-	4,095,000
51,081	16,484	60,965	(5,981)	109,056
-	-	-	14,500,000	-
750,000	-	-	-	-
30,505	-	-	-	-
154,651	120,302	-	-	-
-	(2,400,000)	(3,700,000)	-	(3,165,000)
-	-	-	(14,326,210)	-
15,721,160	18,290,724	15,429,490	9,870,682	10,910,089
(14,275,573)	(17,400,670)	(14,583,631)	(9,012,905)	(10,952,728)
10,046,824	8,226,840	891,824	8,325,586	4,161,417
7,313,229	388,679	(9,338,061)	1,823,102	8,115,661
17.0%	17.1%	16.0%	11.3%	10.5%

City of Council Bluffs

Governmental Activities Tax Revenues By Source
For the Last Ten Fiscal Years

Fiscal Year	Property Tax	Tax Increment Financing	Local Option Sales Tax *	Hotel Motel Tax	Utility Excise Tax
2003	\$ 25,821,590	970,564	1,846,132	1,666,680	2,203,934
2004	25,460,817	794,607	2,815,048	1,761,773	2,358,870
2005	26,803,438	902,756	2,909,653	1,719,166	2,406,477
2006	28,281,434	1,230,247	1,435,178	2,062,865	2,421,693
2007	30,255,332	1,384,337	2,032,485	2,151,729	2,471,168
2008	31,858,673	3,548,580	3,814,009	2,328,532	2,464,338
2009	33,269,119	4,983,734	3,540,379	2,263,735	3,195,266
2010	37,080,921	3,223,820	7,024,557	2,200,766	3,324,177
2011	37,873,869	6,058,673	8,589,061	2,269,329	3,312,717
2012	38,853,060	4,780,377	8,410,893	2,579,387	3,373,996

* For fiscal year 2003 through 2009, local option sales tax was also recorded in business type activities as follows:

2003	\$4,387,397
2004	3,711,052
2005	4,116,823
2006	6,810,075
2007	5,252,871
2008	3,492,325
2009	4,646,303

Gaming Wager Tax	Pari-mutual Wager Tax	Total
4,362,144	130,998	37,002,042
4,492,079	110,606	37,793,800
4,879,035	99,601	39,720,126
4,988,435	92,940	40,512,792
4,798,056	94,659	43,187,766
4,469,440	96,715	48,580,287
4,199,317	72,282	51,523,832
3,821,147	35,784	56,711,172
3,670,039	96,357	61,870,045
3,695,712	135,659	61,829,084

City of Council Bluffs

Assessed and Taxable Value of Property
For the Last Eight Years

Assessment Date January 1,	Fiscal Year Ended June 30,	Residential	Commercial	Industrial	Railroad	Utilities
2003	2005	\$ 786,088,517	622,874,994	51,499,111	8,612,751	159,649,972
2004	2006	800,066,529	654,452,660	59,163,624	8,393,411	152,120,543
2005	2007	883,692,741	681,038,782	60,908,099	8,859,788	161,545,986
2006	2008	902,567,325	739,712,781	73,775,680	9,490,593	160,006,662
2007	2009	964,845,911	797,512,384	68,967,195	9,669,920	206,000,005
2008	2010	1,016,787,600	867,778,937	71,527,804	9,399,923	208,337,629
2009	2011	1,060,708,225	950,095,341	76,353,646	10,207,007	201,973,040
2010	2012	1,107,112,124	970,491,396	77,171,927	11,033,331	209,286,399

Source: Pottawattamie County Assessor and City of Council Bluffs budget.

Does not include tax-exempt property.

Data for fiscal years 2003 and 2004 is not presented as it was not readily available.

* Tax rates are per \$1,000 of taxable valuation

Less Military Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate *	Total Assessed Value	Total Taxable Value as % of Assessed Value
(7,084,826)	1,621,640,519	\$ 17.7667	2,495,372,974	65.0%
(6,909,812)	1,667,286,955	18.3940	2,590,461,986	64.4%
(6,818,421)	1,789,226,975	18.3940	2,893,051,575	61.8%
(6,728,316)	1,878,824,725	18.1900	3,098,829,478	60.6%
(6,619,048)	2,040,376,367	18.0879	4,428,776,147	46.1%
(6,493,110)	2,167,338,783	17.9732	4,142,695,793	52.3%
(6,399,584)	2,292,937,675	17.8511	4,367,552,702	52.5%
(6,323,652)	2,368,771,525	17.8511	4,352,621,658	54.4%

City of Council Bluffs
Property Tax Rates
Direct and Overlapping Governments
For the Last Seven Fiscal Years

Fiscal Year ended	City of Council Bluffs, Iowa			Overlapping Pottawattamie County, Iowa		
	Operating Levy	Debt Service	Total City	Operating	Debt Service	Total County
	Rate *	Levy Rate *	Levy Rate *	Levy Rate *	Levy Rate *	Levy Rate *
2006	\$ 14.7140	3.6800	18.3940	6.7036	0.4234	7.1270
2007	14.6140	3.6800	18.2940	6.6192	0.3854	7.0046
2008	14.5900	3.6000	18.1900	6.5521	0.3653	6.9173
2009	14.5879	3.5000	18.0879	6.4546	0.5352	6.9898
2010	14.5120	3.4612	17.9732	6.4472	0.8319	7.2791
2011	14.7430	3.1081	17.8511	6.4621	0.9279	7.3900
2012	14.9121	2.9390	17.8511	6.5070	0.8674	7.3744

Year Over Year Change in Levy Rate	City of Council Bluffs	Pottawattamie County	Council Bluffs Community Schools
2006	3.5%	3.1%	4.2%
2007	-0.5%	-1.7%	4.6%
2008	-0.6%	-1.2%	0.9%
2009	-0.6%	1.0%	0.7%
2010	-0.6%	4.1%	0.0%
2011	-0.7%	1.5%	10.6%
2012	0.0%	-0.2%	0.0%

Source: City of Council Bluffs tax rates from the Iowa Department of Management tax levy certification reports;

County Auditor tax levy reports; Pottawattamie County - other overlapping jurisdictions.

Data for fiscal years 2003 through 2005 is not presented as it was not readily available.

* Per \$1,000 of taxable valuation

Rates				
Council Bluffs Community School District				
Operating Levy Rate *	Debt Service Levy Rate *	Total (CB) School Levy Rate *	Iowa Western Comm. College and other levies *	Total Direct & Overlapping Levy Rates *
15.0700	0.7400	15.8100	1.1929	42.5239
15.8600	0.6700	16.5300	1.0644	42.8930
16.0449	0.6320	16.6770	1.3002	43.0845
16.1872	0.6135	16.8007	1.2064	43.0848
16.1500	0.6503	16.8003	1.2705	43.3231
18.0591	0.5273	18.5864	1.1381	44.9656
18.0768	0.5084	18.5852	1.1498	44.9605
All Other Levies		Total Tax Levy		
4.5%		3.7%		
-10.8%		0.9%		
22.2%		0.4%		
-7.2%		0.0%		
5.3%		0.6%		
-10.4%		3.8%		
1.0%		0.0%		

City of Council Bluffs

Principal Area Taxpayers
Current Year and Ten Years Ago

Taxpayer	2012		
	Assessed Value 01/01/2010	Rank	% of Total Assessed Value
Mid American Energy	\$ 149,859,212	1	6.33%
HBR Reality Company, Inc.	93,970,570	2	3.97%
Ameristar Casino	66,975,000	3	2.83%
Harveys Iowa Management Company	54,088,000	4	2.28%
Bass Pro Shops	29,474,500	5	1.24%
Mall of the Bluffs	24,000,000	6	1.01%
KIMCO Metro Crossing	20,225,044	7	0.85%
Blue Star Foods Inc.	16,918,375	8	0.71%
Tetra LLC	14,792,406	9	0.62%
Black Hills Corporation	13,436,803	10	0.57%
QWEST Communications	-	-	-
Walmart	-	-	-
Griffin Pipe	-	-	-

Source of 2012 data: Series 2011A Official Statement dated September 15, 2011.

Source of 2002 data: Series 2004 - Official Statement dated February 13, 2004,
adjusted for subsequent business combinations.

2003		
Assessed Value 01/01/2011	Rank	% of Total Assessed Value
\$ 114,799,788	1	5.08%
24,814,250	5	1.10%
62,780,053	2	2.78%
51,914,886	3	2.30%
-	-	-
37,986,802	4	1.68%
-	-	-
8,512,765	8	0.38%
-	-	-
15,379,495	6	0.68%
8,871,130	7	0.39%
8,124,007	9	0.36%
8,000,000	10	0.35%

City of Council Bluffs

Property Tax Levies and Collections
For the Last Seven Fiscal Years

Assessment Date of January 1,	Fiscal Year Ended	Total Tax Levy	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	% Collected - Trailing Three Years
1/1/2004	2006	\$ 30,799,015	30,991,154	100.6%	-
1/1/2005	2007	34,698,867	33,003,771	95.1%	-
1/1/2006	2008	34,520,012	34,449,072	99.8%	98.4%
1/1/2007	2009	37,269,468	36,706,855	98.5%	97.8%
1/1/2008	2010	39,362,104	39,641,549	100.7%	99.7%
1/1/2009	2011	41,454,762	41,190,763	99.4%	99.5%
1/1/2010	2012	42,799,889	42,221,729	98.6%	99.5%

* Taxable valuations can be found in Schedule 6.

** Tax Levy rates can be found in Schedule 7.

Data for fiscal years 2003 through 2005 is not presented as it was not readily available.

<u>Year Over Year Change in Levied Taxes</u>	<u>Year Over Year Change In Taxable Valuation *</u>	<u>Year Over Year Change in City Levy Tax Rate **</u>
-	7.3%	-0.5%
12.7%	5.0%	-0.6%
-0.5%	8.6%	-0.6%
8.0%	6.2%	-0.6%
5.6%	5.8%	-0.7%
5.3%	3.3%	-
3.2%	3.3%	-

City of Council Bluffs

Ratios of Outstanding Debt by Type
For the Last Ten Fiscal Years

Fiscal year ended June 30,	Governmental Activities				
	General Obligation Bonds	General Obligation Notes	Capital Leases	Other Debt	General Obligation Bonds
2003	\$ 16,675,000	38,570,000	-	-	-
2004	22,860,000	31,539,625	-	-	-
2005	28,960,000	23,292,125	81,737	-	-
2006	34,518,172	19,175,000	67,844	16,757,423	1,216,828
2007	41,000,000	17,050,000	130,682	16,255,029	480,000
2008	43,830,000	13,775,000	212,441	16,477,485	230,000
2009	46,485,000	9,360,000	253,834	15,903,692	-
2010	39,925,000	6,120,000	136,947	15,299,299	-
2011	43,490,000	2,995,000	60,305	14,963,334	-
2012	38,015,000	6,370,000	-	13,981,667	-

Note: Details regarding the City's outstanding debt can be found in the notes to financial statements.

* Personal income and population data can be found in Schedule 15, Demographic and Economic Statistics. These rates are calculated using personal income and population for the prior calendar year.

Business Type Activities						
General Obligation Notes	Capital Leases	Other Debt	Total Primary Government	Percentage of Personal Income*	Per Capita*	Per Capita Income*
2,619,000	-	-	57,864,000	2.88%	\$ 987	35,252
1,995,375	-	-	56,395,000	2.73%	961	36,956
5,347,861	-	-	57,681,723	2.66%	983	38,614
-	-	-	71,735,267	3.08%	1,190	40,476
-	135,422	-	75,051,133	3.08%	1,245	42,231
-	69,383	-	74,594,309	2.93%	1,238	43,695
-	-	104,000	72,106,526	2.73%	1,196	42,645
-	-	84,500	61,565,746	2.32%	989	42,615
-	-	52,000	61,560,639	2.32%	989	42,100
-	-	26,000	58,392,667	2.22%	935	-

Schedule 11

City of Council Bluffs

Ratios of General Bonded Debt Outstanding
For the Last Ten Fiscal Years

Fiscal year ended June 30,	General Obligation Bonds/Notes	Total Taxable Assessed Value	Bonded Debt as % of Assessed Value	Bonded Debt per Capita	Population*
2003	\$ 57,865,000	1,580,416,049	3.66%	\$ 987	58,656
2004	56,395,000	1,630,298,385	3.46%	961	58,656
2005	57,599,986	1,621,640,519	3.55%	982	58,656
2006	54,910,000	1,667,286,955	3.29%	911	60,271
2007	58,530,000	1,789,226,975	3.27%	971	60,271
2008	57,835,000	1,878,824,725	3.08%	960	60,271
2009	55,845,000	2,040,376,367	2.74%	927	60,271
2010	46,045,000	2,167,338,783	2.12%	740	62,230
2011	46,485,000	2,292,937,675	2.03%	747	62,230
2012	44,385,000	2,368,771,525	1.87%	711	62,466

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* Population can be found Schedule 15, Demographic and Economic Statistics.

City of Council Bluffs

Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Council Bluffs direct debt	<u>\$ 58,366,667</u>	100.00%	<u>\$ 58,366,667</u>
Overlapping:			
Pottawattamie County	18,990,000	59.7%	11,337,030
Council Bluffs Community Schools	80,055,000	85.5%	68,447,025
Lewis Central Community Schools	14,660,000	70.6%	10,349,960
Iowa Western Community College	<u>79,395,000</u>	30.5%	<u>24,215,475</u>
Subtotal, overlapping debt	<u>193,100,000</u>		<u>114,349,490</u>
Total direct and overlapping debt	<u><u>\$ 251,466,667</u></u>		<u><u>\$ 172,716,157</u></u>

Source: Pottawattamie's County Auditor

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Council Bluffs. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

City of Council Bluffs

Legal Debt Margin Information
For the Last Nine Fiscal Years

	2004	2005	2006
Debt Limit	\$ 121,683,216	124,716,529	144,993,532
Total net debt applicable to limit	54,415,831	71,320,699	70,458,303
Legal debt margin	\$ 67,267,385	53,395,830	74,535,229
Total net debt applicable to the limit as a percentage of debt limit	44.7%	57.2%	48.6%

Data for fiscal year 2003 is not presented as it was not readily available.

Note: Under the State of Iowa Constitution, the City's outstanding general obligation debt shall not exceed 5% of total assessed property value.

2007	2008	2009	2010	2011	2012
145,211,956	155,492,130	221,438,807	207,134,790	218,891,681	217,631,083
87,135,300	83,165,450	79,259,422	70,592,959	81,298,412	69,326,846
58,076,656	72,326,680	142,179,385	136,541,831	137,593,269	148,304,237
60.0%	53.4%	35.8%	34.1%	37.1%	31.9%

Legal Debt Margin Calculation for Fiscal Year 2012

Actual Assessed valuation as of January 1, 2010	\$4,352,621,658
Debt Limit - 5% of assessed valuation	217,631,083
Debt applicable to debt limit:	
General obligation bonds/notes	44,385,000
Tax increment indebtedness	32,098,689
Balance in Debt Service Fund	(7,131,188)
Balance in Special Revenue, Tax increment Financing Fund	(25,655)
Total net debt applicable to limit	69,326,846
Legal Debt Margin	\$ 148,304,237

City of Council Bluffs

City of Council Bluffs

Urban Renewal Capital Loan and Term Loan Note Coverage
For the Last Seven Fiscal Years

Fiscal Year	Gross Revenue	Less:	Net Revenue Available for Debt Service	Debt Service Requirements	Coverage
		Applicable Operating Expenses			
2006	\$ 1,173,054	86,925	1,086,129	731,664	1.4845
2007	1,623,064	3,500	1,619,564	1,571,427	1.0306
2008	2,861,987	1,081,614	1,780,373	1,411,988	1.2609
2009	1,620,683	1,119,837	500,846	986,089	0.5079
2010	1,972,371	1,129,035	843,336	799,602	1.0547
2011	2,111,943	1,417,089	694,854	730,960	0.9506
2012	2,633,842	1,343,464	1,290,378	1,295,249	0.9962

Note: Details regarding the City's outstanding urban renewal capital loan and term loan note debt can be found in the notes to the financial statements, Note 4. Gross revenue includes both operating and non-operating revenue and transfers from the City of Council Bluffs. Operating expenses do not include interest expense, depreciation or amortization of bond issue costs.

The City had no debt prior to fiscal year 2006 for which there were pledged revenues.

City of Council Bluffs

Demographic and Economic Statistics
For the Last Ten Calendar Years

Year	Population	Per Capita Personal Income	Personal Income	Median Age	Unemployment Rate	Council Bluffs School Enrollment
2002	58,656	\$ 34,304	2,012,135,424	34.6	3.8%	9,957
2003	58,656	35,252	2,067,741,312	34.6	4.3%	9,889
2004	58,656	36,956	2,167,691,136	34.6	4.4%	9,820
2005	60,271	38,614	2,327,304,394	35.6	4.4%	9,662
2006	60,271	40,476	2,439,528,996	35.6	3.4%	9,478
2007	60,271	42,231	2,545,304,601	35.6	3.3%	9,407
2008	60,271	43,695	2,633,541,345	35.6	3.6%	9,296
2009	62,230	42,645	2,653,798,350	35.6	5.1%	9,212
2010	62,230	42,615	2,651,931,450	35.9	5.2%	9,207
2011	62,466	42,100	2,629,818,600	37.5	5.0%	9,125

Sources:

School Enrollment Data: Certified Enrollment "Row 7" per Iowa Department of Education (educateiowa.gov)

Population Data: 2010 and 2011 data from United States Census Bureau - (quickfacts.census.gov)

Population Data: 2002 to 2009 data from United States Census Bureau - (Quicklinks - Population Estimates
(quickfacts.census.gov))

Personal Income Data: Per capita for Omaha - Council Bluffs Metropolitan Area - Saint Louis Federal Reserve
Bank Economic Research (research.stlouisfed.org)

Unemployment Rate Data: Omaha - Council Bluffs Metropolitan Area - Saint Louis Federal Reserve Bank
Economic Research (research.stlouisfed.org)

Lewis Central School Enrollment	Combined School Enrollment
2,564	12,521
2,497	12,386
2,465	12,285
2,479	12,141
2,560	12,038
2,499	11,906
2,559	11,855
2,582	11,794
2,586	11,793
2,613	11,738

City of Council Bluffs
Principal Area Employers
Current Year and Nine Years Ago

Employer	2012		
	Employees	Rank	% of Total City Employment (1)
Horseshoe Casino and Harrah's Casino	1,600	1	4.6%
Iowa Western Community College	1,431	2	4.1%
Council Bluffs Community Schools	1,172	3	3.4%
Tyson Foods	1,005	4	2.9%
Ameristar Casino and Hotel	901	5	2.6%
Conagra Frozen Foods	890	6	2.6%
Jennie Edmundson Memorial Hospital	725	7	2.1%
Walmart	533	8	1.5%
City of Council Bluffs	486	9	1.4%
Pottawattamie County	486	10	1.4%
Griffin Pipe Products	288	11	0.8%
Harrah's Casino	-	-	-
Alegent Health/Mercy Hospital	-	-	-
Acceptance Insurance	-	-	-
Hy-vee Food Stores	-	-	-
Omaha Standard	-	-	-

(1) Based on "willing to work" total of 34,875 per the Iowa Department of Workforce Development, July 2010.

(2) Based on "willing to work" total of 32,900, adjusted from 2010 levels corresponding to change in total employment.

Source of 2012 data: Series 2012A Official Statement dated September 15, 2012

Source of 2002 data: Series 2004 - Official Statement dated February 13, 2004, adjusted for subsequent business combinations.

2003		
Employees	Rank	% of Total City Employment (2)
1,145	3	3.5%
-	-	-
-	-	-
350	9	1.1%
1,239	1	3.8%
800	6	2.4%
876	4	2.7%
-	-	-
-	-	-
-	-	-
333	11	1.0%
1,200	2	3.6%
867	5	2.6%
520	7	1.6%
410	8	1.2%
350	10	1.1%

City of Council Bluffs

City of Council Bluffs
Full Time Equivalent City Government Employees
by Function/Program

For the Last Seven Years

Function/Program	2006	2007	2008	2009	2010	2011	2012
Public Safety							
Police	129.9	130.4	132.9	137.9	137.9	137.9	137.9
Fire	103.0	100.0	100.0	100.0	100.0	100.0	100.0
Animal Control	6.1	5.8	6.0	5.8	6.5	6.5	6.5
Building Inspections	8.0	8.0	8.0	8.0	7.0	7.0	7.0
Public Works	66.0	62.5	55.7	65.7	66.0	63.2	57
Health and Social Services	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Culture and Recreation							
Library	23.2	23.7	26.1	23.0	25.0	25.0	23.7
Parks and Recreation	26.0	26.0	22.7	23.7	23.7	24.0	24.8
Community and Economic Development	10.5	10.5	10.5	9.5	10.5	10.5	10.5
General Government							
Mayor's Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Clerk, Finance and Treasurer	19.7	22.2	19.6	20.6	20.0	20.0	20.0
City Attorney	6.6	6.6	6.6	7.6	7.6	7.0	7.0
Human Resources	2.8	2.8	2.8	3.0	3.0	2.0	3.0
Building Maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Business Type Activity							
Sewer Operations	54.0	54.5	51.8	52.3	52.8	56.2	54
Sanitation and Recycling	12.4	12.2	12.1	12.4	13.4	13.0	13.2
Total Full Time Equivalents	480.8	477.8	467.3	481.9	485.9	485.9	477.3

Data is based on amounts budgeted annually.

Source: City of Council Bluffs annual budget package.

Data for fiscal years 2003 through 2005 is not presented as it was not readily available.

City of Council Bluffs

Operating Indicators
by Function/Program

Function/Program	2002	2003	2004	2005
Public Safety				
Police: *				
Traffic accidents	3,708	4,120	3,784	2,040
Traffic citations	25,152	17,248	20,448	16,894
Traffic warnings	3,284	3,037	3,946	3,299
Parking violations	7,633	6,689	5,513	4,176
Cases	3,362	2,702	2,724	2,581
Arrests and charges	4,499	5,304	n/a	6,977
Fire: *				
Fire responses	349	340	330	328
Medical responses	4,064	4,615	4,589	4,666
HazMat responses	216	210	192	208
False alarms	456	385	395	423
Mutual aid responses	237	116	69	62
Other responses	418	475	455	380
Total responses	5,740	6,141	6,030	6,067
Responses per day	15.7	16.8	16.5	16.6
Fire Department average response time (minutes)	4.30	4.07	4.49	4.53
Building Inspections: *				
Permits issued	1,172	874	913	946
Value of permits	\$ 131,926,337	86,036,257	84,333,894	163,599,634
Culture and Recreation				
Library: **				
Attendance	-	267,018	291,744	238,574
Circulation	-	431,003	435,776	445,499
Collection size	-	155,382	157,340	164,255
Registered borrowers	-	44,530	49,213	49,213
Meeting room use by community organizations	-	154	357	199
Reference questions	-	31,879	37,912	40,679
Attendance per day	-	732	797	654
Circulation per day	-	1,181	1,191	1,221

2006	2007	2008	2009	2010	2011	2012
2,116	2,069	1,542	731	698	1,722	
17,431	12,950	12,127	10,095	15,172	11,277	
4,237	3,070	3,397	2,318	4,185	4,777	
4,868	3,734	2,985	3,147	3,952	3,353	
2,274	2,083	1,946	2,211	1,880	1,680	
6,805	6,948	6,315	6,470	6,908	6,531	
350	296	290	314	267	301	
4,828	5,168	5,193	5,190	5,222	5,215	
176	213	217	198	222	254	
534	504	554	497	549	522	
156	119	25	8	30	35	
490	522	620	641	639	874	
6,534	6,822	6,899	6,848	6,929	7,201	
17.9	18.7	18.8	18.8	19.0	19.7	
3.45	4.57	4.54	5.22	5.25	5.28	
900	884	2,169	1,532	1,090	4,902	
96,202,032	226,675,474	156,972,341	101,518,695	85,753,031	115,423,477	
254,109	268,736	274,364	297,706	414,137	436,136	337,049
459,765	470,346	513,918	574,727	600,372	619,326	600,736
168,756	168,155	176,278	193,967	194,452	200,241	195,252
49,797	50,096	51,295	51,673	51,072	51,840	46,750
227	810	952	149	635	430	994
42,369	48,399	49,355	51,479	52,290	43,555	33,119
696	736	750	816	1,135	1,195	963
1,260	1,289	1,404	1,575	1,645	1,697	1,716

City of Council Bluffs

Operating Indicators
by Function/Program
(continued)

	2002	2003	2004	2005
Parks and recreation participation *				
Golf complex attendance	-	-	-	-
Swim pool attendance	-	-	-	-
Youth softball teams	-	-	-	-
Adult softball teams	-	-	-	-
Tournaments conducted	-	-	-	-
Youth soccer teams	-	-	-	-
Youth football teams	-	-	-	-
Bayliss Park concerts	-	-	-	-
Bayliss Park movie series	-	-	-	-
Zoning Board of Adjustments *				
Regular meetings	12	6	7	10
Variance	13	7	4	12
Conditional Use Permit	5	6	4	7
Conditional Use Permit Revocation	-	-	-	-
Administrative Appeal	1	-	-	1
Total meetings and cases	31	19	15	30
Historic Preservation Commission *				
Regular Meetings	7	7	6	4
HP Design Review	12	9	6	4
Total meetings and cases	19	16	12	8
Administrative Actions *				
Lot Line Adjustments	30	38	28	29
Parcel Splits	12	8	5	3
Offers to Buy City Property	2	5	7	5
Zoning Compliants Investigated	-	-	-	-
Review of Existing CU Permits	-	-	-	-
Total administrative actions	44	51	40	37

2006	2007	2008	2009	2010	2011	2012
-	-	-	-	90,460	40,000	
-	-	-	-	57,794	58,080	
-	-	-	-	98	131	
-	-	-	-	110	91	
-	-	-	-	34	32	
-	-	-	-	378	-	
-	-	-	-	31	29	
-	-	-	-	10	16	
-	-	-	-	10	10	
8	5	6	10	7	7	
6	6	3	9	9	9	
4	3	6	4	3	7	
-	-	33	28	2	10	
-	-	-	1	-	-	
18	14	48	52	21	33	
5	9	9	8	9	6	
11	19	15	16	10	5	
16	28	24	24	19	11	
34	30	20	12	16	18	
4	8	1	5	3	4	
4	5	9	6	7	7	
-	37	236	195	159	234	
-	-	154	150	147	-	
42	80	420	368	332	263	

City of Council Bluffs

Operating Indicators
by Function/Program
(continued)

City Planning Commission *	2002	2003	2004	2005
Regular meetings	12	11	11	11
Subdivisions (Prelim, Final, Replat)	8	5	5	14
Planned Commercial	8	7	7	5
Planned Residential	2	-	1	1
Zoning Text Amendments	6	-	3	2
Subdivision Text Amendments	-	-	-	-
Rezoning	25	15	14	18
Street & Alley Vacations	6	8	10	12
Historic Preservation	2	1	-	1
Miscellaneous Cases	2	4	3	3
Urban Renewal	3	5	3	5
Urban Revitalization	1	-	1	-
Annexation	1	2	-	1
Comp Plan Amendments	1	2	-	-
Appeals	1	-	-	-
Right-of-Way Encroachemnts	-	-	-	-
Temporary Use Permits	-	-	-	-
Total CPC Meetings and Cases	78	60	58	73
Sewer *				
Sewer system customers	-	-	-	-

* Information provided on a calendar year basis.

** Information provided on a fiscal year basis.

Sources:

Police – Reports published annually by the Council Bluffs Police Department

Fire - Data maintained by the Council Bluffs Fire Department and filed annually with the State of Iowa Fire Marshall, National Fire Protection Agency and National Fire Association.

Building – Council Bluffs Building Department’s “Blue Prince”, an information gathering system.

Library – City’s information filings to the State Library of Iowa.

Parks – Internal operating records based on registration data, point of sale system data and observations of attendance for Bayliss Park events.

Data not presented was not readily available.

2006	2007	2008	2009	2010	2011	2012
12	12	11	10	10	9	
8	8	6	6	3	3	
9	12	6	1	1	-	
3	2	6	-	-	1	
2	7	1	2	8	3	
-	-	-	-	-	-	
17	18	15	9	12	9	
13	17	10	8	10	2	
-	-	-	-	-	-	
1	6	4	4	3	-	
3	6	2	2	3	-	
-	-	-	-	4	-	
2	2	1	1	2	-	
-	-	-	-	1	-	
1	-	-	-	1	-	
-	-	-	1	1	-	
-	-	-	-	2	-	
71	90	62	44	61	27	
-	-	-	-	-	21,499	

City of Council Bluffs

Capital Asset Statistics by Function/Program
For the Last Ten Years

Function/Program	2003	2004	2005	2006	2007
Public Safety					
Police Stations	1	1	1	1	1
Fire/Ambulance					
Stations	5	5	5	5	5
Engines in service	4	4	4	4	4
Quints in service	3	3	3	3	3
Ambulances in service	3	3	3	3	3
Special use apparatus	5	6	6	-	6
Public Works					
Miles of streets - paved	-	-	-	-	-
Miles of streets - unpaved	-	-	-	-	-
Miles of Federal levees	-	-	-	-	-
Street lights	-	-	-	-	-
Intersections with traffic signals	-	-	-	-	-
Pedestrian crossings with signals	-	-	-	-	-
Culture & Recreation					
City parks	-	-	-	-	-
Historic monuments	-	-	-	-	-
Football fields	-	-	-	-	-
Golf courses	-	-	-	-	-
Swimming pools	-	-	-	-	-
Soccer fields	-	-	-	-	-
Ball diamonds	-	-	-	-	-
Tennis courts	-	-	-	-	-
Skate parks	-	-	-	-	-
Trails (miles)	-	-	-	-	-
Library buildings	-	1	1	1	-
Sewer					
Miles of sanitary sewer	-	-	-	-	-

Sources:

Police – Reports published annually by the Council Bluffs Police Department

Fire - Data maintained by the Council Bluffs Fire Department and filed annually with the State of Iowa Fire Marshall, National Fire Protection Agency and National Fire Association.

Building – Council Bluffs Building Department's "Blue Prince", an information gathering system.

Library – City's information filings to the State Library of Iowa.

Parks – Internal operating records based on registration data, point of sale system data and observations of attendance for Bayliss Park events.

Data not presented was not readily available.

2008	2009	2010	2011	2012
1	1	1	1	1
5	5	5	5	5
4	4	4	4	4
3	3	3	3	3
3	3	3	3	3
6	6	6	6	6
-	-	-	297	301
-	-	-	1	1
-	-	-	28	28
-	-	-	1,200	1,207
-	-	-	94	94
-	-	-	14	14
-	-	26	26	26
-	-	10	10	10
-	-	4	1	4
-	-	2	2	2
-	-	2	2	2
-	-	23	23	23
-	-	20	20	20
-	-	15	15	15
-	-	2	2	2
-	-	40	37	37
-	-	1	1	1
-	-	-	274	279

City of Council Bluffs

FINANCIAL ASSISTANCE SECTION

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REPORTS ON COMPLIANCE AND INTERNAL CONTROLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

City of Council Bluffs

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Housing and Urban Development:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants (\$192,170 provided to subrecipients)	14.218	B-10-MC-19-0005	\$ 216,061
Community Development Block Grants/Entitlement Grants (\$62,627 provided to subrecipients)	14.218	B-11-MC-19-0005	443,361
			<u>659,422</u>
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-09-SP-1A-0105	350,450
U.S. Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1366	4,137
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2195	8,020
			<u>12,157</u>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-2012	71,664
U.S. Environmental Protection Agency:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-98796701-1	48,244
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-98796801-1	49,670
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97712001-0	28,958
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97728101-0	6,289
			<u>133,161</u>
Total direct			<u>1,226,854</u>
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-NSP-022	294,807
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	11-NSP-022	223,201
			<u>518,008</u>
City of Omaha:			
Home Investment Partnerships Program (\$90,500 provided to subrecipients)	14.239	2007	90,500
Home Investment Partnerships Program (\$167,877 provided to subrecipients)	14.239	2008	167,877
			<u>258,377</u>
U.S. Department of Justice:			
Governor's Office of Drug Control Policy:			
Project Safe Neighborhoods	16.609	09-SD06	25,877
Project Safe Neighborhoods	16.609	10-PSN-6323	20,138
Project Safe Neighborhoods	16.609	11-PSN-SD06	6,047
			<u>52,062</u>
Public Safety Partnership and Community Police Grants	16.710	09-HotSports/ Interdiction-12	3,115

City of Council Bluffs

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Justice (continued):			
Governor's Office of Drug Control Policy:			
ARRA - Recovery Act - Edward Byrne Memorial			
Justice Assistance Grant (JAG)			
Program/Grants to States and Territories			
(\$49,364 provided to subrecipients)			
	16.803	09 JAG/ARRA-16473	113,055 *
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction			
	20.205	HDP-1642(645)-71-78	105,078
Highway Planning and Construction			
	20.205	STPU-1642(647)-70-78	3,106,677
			3,211,755
Omaha Metro Area Transit:			
Federal Transit - Formula Grants			
	20.507	NE-90-X094-00	291,145
Federal Transit - Formula Grants			
	20.507	NE-90-2011	60,484
			351,629
Iowa Department of Transportation:			
Capital Assistance Program for Elderly Persons			
	20.513	16-X001-164-12	16,727
and Persons with Disabilities			
Iowa Department of Public Safety:			
State and Community Highway Safety			
	20.600	PAP 12-03, Task 03	21,107
Alcohol Impaired Driving Countermeasures			
Incentive Grants I			
	20.601	PAP 11-410, Task 19	5,710
Institute of Museum and Library Services:			
Iowa Department of Education:			
Grants to States			
	45.310		3,000
U.S. Department of Energy:			
Iowa Economic Development Authority:			
ARRA - Energy Efficiency and Conservation Block			
Grant Program (EECGB)			
	81.128	DE-EE000812	36,851
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Immunization Cooperative Agreements			
	93.268	5881I420	635
Immunization Cooperative Agreements			
	93.268	5882I420	14,323
			14,958
The Affordable Care Act: Centers for Disease Control and			
Prevention - Investigations and Technical Assistance			
	93.283	MOU-2012-ELC08	840
The Affordable Care Act: Centers for Disease Control and			
Prevention - Investigations and Technical Assistance			
	93.283	MOU-2013-ELC08	280
			1,120
HIV Prevention Activities Health Department Based			
	93.940	5881AP05	5,568
HIV Prevention Activities Health Department Based			
	93.940	5882AP05	5,137
			10,705

City of Council Bluffs
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U.S. Department of Health and Human Services (continued):			
Iowa Department of Public Health (continued):			
Preventive Health Services - Sexually Transmitted Diseases - Control Grants	93.977	5881AP05	895
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Department of Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1998-DR-IA	9,958,265
Total indirect			14,577,339
Total			\$15,804,193

* Total for JAG Program Cluster is \$196,876

Although there were no current year program expenditures, there is a \$690,000 loan balance in the Community Development Block Grant/Section 108 Loan Guarantees Program, CFDA Number 14.248, from previous years for which the federal government has imposed continuing requirements.

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Council Bluffs and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

State Capitol Building
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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Council Bluffs, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 6, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of the Council Bluffs Airport Authority are included in these financial statements as a discretely presented component unit. This report does not include the results of testing of internal control over financial reporting or compliance and other matters reported on in the financial statements of the Council Bluffs Airport Authority.

Internal Control Over Financial Reporting

The management of the City of Council Bluffs is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Council Bluffs' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Council Bluffs' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Council Bluffs' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting we consider to be a material weakness and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-12 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-12 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Council Bluffs' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

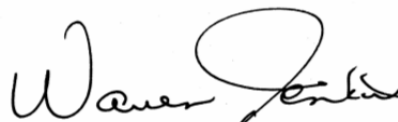
The City of Council Bluffs' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Council Bluffs' responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Council Bluffs and other parties to whom the City of Council Bluffs may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Council Bluffs during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 6, 2012



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
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State Capitol Building
Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control over Compliance in Accordance with
OMB Circular A-133

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited the City of Council Bluffs, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Council Bluffs' major federal programs for the year ended June 30, 2012. The City of Council Bluffs' major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the City of Council Bluffs' management. Our responsibility is to express an opinion on the City of Council Bluffs' compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Council Bluffs' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Council Bluffs' compliance with those requirements.

In our opinion, the City of Council Bluffs complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

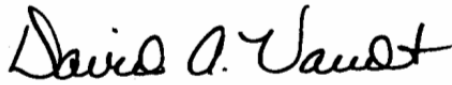
Internal Control Over Compliance

The management of the City of Council Bluffs is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Council Bluffs' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Council Bluffs' internal control over compliance.

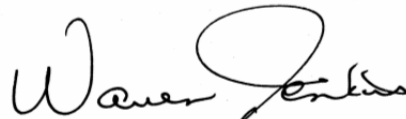
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Council Bluffs and other parties to whom the City of Council Bluffs may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 6, 2012

City of Council Bluffs
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness and a significant deficiency in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - JAG Program Cluster:
 - CFDA Number 16.738 – Edward Byrne Memorial Justice Assistance Grant Program
 - CFDA Number 16.803 – ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories
 - CFDA Number 16.804 – ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government
 - CFDA Number 20.507 - Federal Transit - Formula Grants
 - CFDA Number 66.818 – ARRA – Brownfields Assessment and Cleanup Cooperative Agreements
 - CFDA Number 97.036 – Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$474,125.
- (i) The City of Council Bluffs did not qualify as a low-risk auditee.

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-12 Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital assets overstated or understated in the City's financial statements. In addition, material amounts were incorrectly reversed to transfers rather than to revenues and expenditures and certain amounts were misclassified as due from other governments rather than accounts receivable. Adjustments were subsequently made by the City to properly adjust these amounts in the financial statements.

In addition, while the net effect was not material, deferred revenue was misstated due to a receivable reversed twice and several receivables incorrectly deferred rather than recorded as revenues.

Recommendation – The City should implement procedures to ensure all receivables, payables, capital assets and deferred revenues are properly accounted for in the City's financial statements.

Response – The City will amend its cash receipts operation to review each cash receipt transaction and if the cash receipt is the result of a transaction for the prior fiscal year, a credit will be made to accounts receivable rather than a revenue account. In the case of cash disbursements for purchases of goods or services, a charge will be made to accrued accounts payable rather than an expense account. This should significantly reduce or eliminate errors which arise from cash receipts or disbursements arising from prior year transactions. The errors regarding capital assets occurred because of a change in accounting procedures and a personnel transition. The City began to code capital purchases of certain capital equipment to specific cost centers so the full cost of operations would be reflected in the cost center. For example, the purchase of a police cruiser would be a capital equipment cost in the police department's cost center statement. The custodian of the capital asset report was made aware of this but left prior to the fiscal year end. The change in capital asset reporting was not fully communicated to the new custodian to review all cost centers in addition to adjust the Capital Projects Fund. Errors concerning deferred revenue and expenditures arose because we selected transactions to the date of review rather than August 31, as we had done in previous years. We will issue a clear accounting procedure defining a process to differentiate realized from deferred transactions before the end of fiscal year 2013.

Conclusion – Response accepted.

II-B-12 Purchasing Policy for Services – The City has a purchasing policy covering printing, supplies, equipment and materials. The policy includes procedures for advertising for bids, accepting/rejecting bids, obtaining deposits on bids, purchases less than \$25,000, purchase of specific makes/brands, emergency/negotiated purchases and surplus property. However, the City does not have a policy covering the purchase of services.

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation – The City should establish a policy covering the purchase of services to ensure the City receives the best quality and price for purchased services.

Response – The City initiated a study process in fiscal year 2012 but has not completed a policy draft for Mayoral and City Council approval. We intend to present a proposed policy for City Council consideration before the end of this fiscal year.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Council Bluffs
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major programs were noted.

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-12 Certified Budget – Expenses during the year ended June 30, 2012 exceeded the amount budgeted in the business type activities function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City had amended its budget in May 2012 for all governmental funds and functions and was within budgeted amounts. We inadvertently excluded depreciation expense for proprietary funds. Future budgets and amendments will include depreciation expense for proprietary funds.

Conclusion – Response accepted.

IV-B-12 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-12 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-12 Business Transactions – No business transactions between the City and City officials or employees for the year ended June 30, 2012 were noted.

IV-E-12 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-12 Council Minutes – Except as noted below, no transactions were found which we believe should have been approved in the Council minutes but were not.

Although the City Council votes to receive and file the list of claims each meeting, it does not approve the list of claims in accordance with Chapter 372.13(6) of the Code of Iowa.

Response – On November 19, 2012, the City Council adopted a resolution authorizing the Mayor and/or a designated employee (Finance Director) to authorize and make cash disbursements on behalf of the City. Following that action, the City Council will approve the disbursements allowed by the Mayor and/or designated person for publication in full accordance with the requirements of Iowa Code, Section 372.13 (6).

Conclusion – Response accepted.

City of Council Bluffs

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- IV-G-12 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- IV-H-12 Financial Condition – At June 30, 2012, the City had a deficit balance of \$6,134,110 in the Capital Projects Fund.

Recommendation – The City should investigate alternatives to eliminate this deficit to return the fund to a sound financial position.

Response – The City chose not to make a bond offering in fiscal year 2012 due to both investment conditions and the uncertainty of which projects would go forward after the flood of Summer 2011. The City did issue general obligation bonds in November 2012 and there is no longer a deficit balance in the Capital Projects Fund.

Conclusion – Response accepted.